

Senate Amendments to House Bill No. 1

TO THE CLERK OF THE HOUSE:

THIS IS TO INFORM YOU THAT THE SENATE HAS ADOPTED THE AMENDMENTS SET OUT BELOW:

AMENDMENT NO. 1

Amend by striking all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. Section 27-7-5, Mississippi Code of 1972, is amended as follows:

27-7-5. (1) (a) Except as otherwise provided in this section, there is hereby assessed and levied, to be collected and paid as hereinafter provided, for the calendar year 1983 and fiscal years ending during the calendar year 1983 and all taxable years thereafter, upon the entire net income of every resident individual, corporation, association, trust or estate, in excess of the credits provided, a tax at the following rates:

(i) 1. Through calendar year 2017, on the first Five Thousand Dollars (\$5,000.00) of taxable income, or any part thereof, the rate shall be three percent (3%);

2. For calendar year 2018, on the first One Thousand Dollars (\$1,000.00) of taxable income there shall be no tax levied, and on the next Four Thousand Dollars (\$4,000.00) of taxable income, or any part thereof, the rate shall be three percent (3%);

149 3. For calendar year 2019, on the first Two
150 Thousand Dollars (\$2,000.00) of taxable income there shall be no
151 tax levied, and on the next Three Thousand Dollars (\$3,000.00) of
152 taxable income, or any part thereof, the rate shall be three
153 percent (3%);

154 4. For calendar year 2020, on the first Three
155 Thousand Dollars (\$3,000.00) of taxable income there shall be no
156 tax levied, and on the next Two Thousand Dollars (\$2,000.00) of
157 taxable income, or any part thereof, the rate shall be three
158 percent (3%);

159 5. For calendar year 2021, on the first Four
160 Thousand Dollars (\$4,000.00) of taxable income there shall be no
161 tax levied, and on the next One Thousand Dollars (\$1,000.00) of
162 taxable income, or any part thereof, the rate shall be three
163 percent (3%);

164 6. For calendar year 2022 and all taxable
165 years thereafter, there shall be no tax levied on the first Five
166 Thousand Dollars (\$5,000.00) of taxable income;

167 (ii) On taxable income in excess of Five Thousand
168 Dollars (\$5,000.00) up to and including Ten Thousand Dollars
169 (\$10,000.00), or any part thereof, the rate shall be four percent
170 (4%); and

171 (iii) On all taxable income in excess of Ten Thousand
172 Dollars (\$10,000.00), the rate shall be five percent (5%).

173 (b) (i) For calendar year 2023 and all calendar years
174 thereafter, there shall be no tax levied under subparagraph (ii)

of paragraph (a) of this subsection on the taxable income of individuals in excess of Five Thousand Dollars (\$5,000.00) up to and including Ten Thousand Dollars (\$10,000.00), or any part thereof; and

(ii) For calendar year 2024 and all calendar years thereafter, the tax imposed under subparagraph (iii) of paragraph (a) of this subsection upon all taxable income of individuals in excess of Ten Thousand Dollars (\$10,000.00), shall be at the following rates:

1. For calendar year 2024, on such taxable income, the rate shall be four and seven-tenths percent (4.7%);

2. For calendar year 2025, on such taxable income, the rate shall be four and four-tenths percent (4.4%); * * *~~and~~

3. For calendar year 2026 * * *~~and all~~
~~calendar years thereafter~~, on such taxable income, the rate shall be four percent (4%) * * *~~;~~

4. For calendar year 2027, on such taxable income, the rate shall be three and three-quarters percent (3.75%);

5. For calendar year 2028, on such taxable income, the rate shall be three and one-half percent (3.5%);

6. For calendar year 2029, on such taxable income, the rate shall be three and one-quarter percent (3.25%);

and

200 7. For calendar year 2030 and all calendar
201 years thereafter, except as otherwise provided in Section 2 of
202 this act, on such taxable income, the rate shall be three percent
203 (3%).

204 * * * ~~It is the intent of the Legislature that before calendar~~
205 ~~year 2026, the Legislature will consider whether the revised tax~~
206 ~~rates provided for in this subparagraph (ii) will be further~~
207 ~~decreased for calendar years after calendar year 2026. If the~~
208 ~~revised tax rates provided for in this subparagraph (ii) are~~
209 ~~further decreased for calendar years after calendar year 2026 to~~
210 ~~the extent that there is no tax levied on the taxable income of~~
211 ~~individuals under this subparagraph (ii), the individual income~~
212 ~~tax shall stand repealed.~~

213 (2) An S corporation, as defined in Section 27-8-3(1)(g),
214 shall not be subject to the income tax imposed under this section.

215 (3) A like tax is hereby imposed to be assessed, collected
216 and paid annually, except as hereinafter provided, at the rate
217 specified in this section and as hereinafter provided, upon and
218 with respect to the entire net income, from all property owned or
219 sold, and from every business, trade or occupation carried on in
220 this state by individuals, corporations, partnerships, trusts or
221 estates, not residents of the State of Mississippi.

222 (4) In the case of taxpayers having a fiscal year beginning
223 in a calendar year with a rate in effect that is different than
224 the rate in effect for the next calendar year and ending in the

next calendar year, the tax due for that taxable year shall be determined by:

(a) Computing for the full fiscal year the amount of tax that would be due under the rates in effect for the calendar year in which the fiscal year begins; and

(b) Computing for the full fiscal year the amount of tax that would be due under the rates in effect for the calendar year in which the fiscal year ends; and

(c) Applying to the tax computed under paragraph (a) the ratio which the number of months falling within the earlier calendar year bears to the total number of months in the fiscal year; and

(d) Applying to the tax computed under paragraph (b) the ratio which the number of months falling within the later calendar year bears to the total number of months within the fiscal year; and

(e) Adding to the tax determined under paragraph (c) the tax determined under paragraph (d) the sum of which shall be the amount of tax due for the fiscal year.

SECTION 2. (1) As used in this section:

(a) "Adjusted General Fund Revenue Collections" means State General Fund revenue collections adjusted by removing any nonrecurring State General Fund revenue collections, which figure shall be provided annually to the commissioner by the Legislative Budget Office on or before October 1 for the prior fiscal year (beginning October 1, 2029, for fiscal year 2029 revenue

collections) and presented at the next meeting of the Joint
Legislative Budget Committee.

(b) "Appropriations" means the total amount contained
in all deficit appropriations bills that are recurring expenses in
State Support Funds and all General Fund appropriation bills
passed into law, but not including any additional appropriations
in excess of statutory required employer rate for the Public
Employees' Retirement System of Mississippi, which figure shall be
provided annually to the commissioner by the Legislative Budget
Office on or before October 1 for the current fiscal year
(beginning October 1, 2029, for fiscal year 2030 appropriations)
and presented at the next meeting of the Joint Legislative Budget
Committee.

(c) "Cost of a one percent (1%) cut" means the
reduction in individual income tax collections that would result
from a one percent (1%) reduction in the tax on all taxable income
of individuals in excess of Ten Thousand Dollars (\$10,000.00),
which figure shall be provided annually by the commissioner to the
Legislative Budget Office on or before December 15, based on data
from the prior calendar year (beginning December 15, 2029, for
calendar year 2028); however, if any filing extensions were
granted by the commissioner under Section 27-7-50, the
commissioner shall provide the Legislative Budget Office with an
updated cost of a one percent (1%) cut before the end of the next
regular legislative session.

(2) For calendar year 2031 and any calendar year thereafter, if the Working Cash-Stabilization Reserve Fund is fully funded as provided in Section 27-103-213, the tax imposed under Section 27-7-5(b)(ii) on all taxable income of individuals in excess of Ten Thousand Dollars (\$10,000.00) shall be reduced by a percentage as indicated below, depending on the percentage by which the Adjusted General Fund Revenue Collections for a fiscal year (beginning with fiscal year 2029) exceed the Appropriations for the following fiscal year (beginning with fiscal year 2030):

(a) If the excess is at least eighty-five one-hundredths percent (0.85%), but less than one percent (1%), of the cost of a one percent (1%) cut, the tax shall be reduced by two-tenths percent (0.2%);

(b) If excess is at least one percent (1%), but less than one and fifteen one-hundredths percent (1.15%), of the cost of a one percent (1%) cut, the tax shall be reduced by one-quarter percent (0.25%); and

(c) If excess is at least one and fifteen one-hundredths percent (1.15%) of the cost of a one percent (1%) cut, the tax shall be reduced by three-tenths percent (0.3%).

(3) The tax reduction provided for in this section shall be effective for the calendar year beginning after the close of the fiscal year pertaining to the Appropriations figure used in the calculation for subsection (2) of this section.

(4) When the application of the tax reduction provided for in this section results in a tax of zero percent (0%) on all

taxable income of individuals in excess of Ten Thousand Dollars (\$10,000.00), such tax shall be eliminated.

SECTION 3. Section 27-65-17, Mississippi Code of 1972, is amended as follows:

27-65-17. (1) (a) Except as otherwise provided in this section, upon every person engaging or continuing within this state in the business of selling any tangible personal property whatsoever there is hereby levied, assessed and shall be collected a tax equal to seven percent (7%) of the gross proceeds of the retail sales of the business.

(b) Retail sales of farm tractors and parts and labor used to maintain and/or repair such tractors shall be taxed at the rate of one and one-half percent (1-1/2%) when made to farmers for agricultural purposes.

(c) (i) Retail sales of farm implements sold to farmers and used directly in the production of poultry, ratite, domesticated fish as defined in Section 69-7-501, livestock, livestock products, agricultural crops or ornamental plant crops or used for other agricultural purposes, and parts and labor used to maintain and/or repair such implements, shall be taxed at the rate of one and one-half percent (1-1/2%) when used on the farm.

(ii) The one and one-half percent (1-1/2%) rate shall also apply to all equipment used in logging, pulpwood operations or tree farming, and parts and labor used to maintain and/or repair such equipment, which is either:

1. Self-propelled, or

328 2. Mounted so that it is permanently attached
329 to other equipment which is self-propelled or attached to other
330 equipment drawn by a vehicle which is self-propelled.

331 In order to be eligible for the rate of tax provided for in
332 this subparagraph (ii), such sales must be made to a professional
333 logger. For the purposes of this subparagraph (ii), a
334 "professional logger" is a person, corporation, limited liability
335 company or other entity, or an agent thereof, who possesses a
336 professional logger's permit issued by the Department of Revenue
337 and who presents the permit to the seller at the time of purchase.
338 The department shall establish an application process for a
339 professional logger's permit to be issued, which shall include a
340 requirement that the applicant submit a copy of documentation
341 verifying that the applicant is certified according to Sustainable
342 Forestry Initiative guidelines. Upon a determination that an
343 applicant is a professional logger, the department shall issue the
344 applicant a numbered professional logger's permit.

345 (d) Except as otherwise provided in subsection (3) of
346 this section, retail sales of aircraft, automobiles, trucks,
347 truck-tractors, semitrailers and manufactured or mobile homes
348 shall be taxed at the rate of three percent (3%).

349 (e) Sales of manufacturing machinery or manufacturing
350 machine parts when made to a manufacturer or custom processor for
351 plant use only when the machinery and machine parts will be used
352 exclusively and directly within this state in manufacturing a

commodity for sale, rental or in processing for a fee shall be
taxed at the rate of one and one-half percent (1-1/2%).

(f) Sales of machinery and machine parts when made to a
technology intensive enterprise for plant use only when the
machinery and machine parts will be used exclusively and directly
within this state for industrial purposes, including, but not
limited to, manufacturing or research and development activities,
shall be taxed at the rate of one and one-half percent (1-1/2%).
In order to be considered a technology intensive enterprise for
purposes of this paragraph:

(i) The enterprise shall meet minimum criteria
established by the Mississippi Development Authority;

(ii) The enterprise shall employ at least ten (10)
persons in full-time jobs;

(iii) At least ten percent (10%) of the workforce
in the facility operated by the enterprise shall be scientists,
engineers or computer specialists;

(iv) The enterprise shall manufacture plastics,
chemicals, automobiles, aircraft, computers or electronics; or
shall be a research and development facility, a computer design or
related facility, or a software publishing facility or other
technology intensive facility or enterprise as determined by the
Mississippi Development Authority;

(v) The average wage of all workers employed by
the enterprise at the facility shall be at least one hundred fifty
percent (150%) of the state average annual wage; and

(vi) The enterprise must provide a basic health care plan to all employees at the facility.

A medical cannabis establishment, as defined in the Mississippi Medical Cannabis Act, shall not be considered to be a technology intensive enterprise for the purposes of this paragraph (f).

(g) Sales of materials for use in track and track structures to a railroad whose rates are fixed by the Interstate Commerce Commission or the Mississippi Public Service Commission shall be taxed at the rate of three percent (3%).

(h) Sales of tangible personal property to electric power associations for use in the ordinary and necessary operation of their generating or distribution systems shall be taxed at the rate of one percent (1%).

(i) Wholesale sales of food and drink for human consumption to full-service vending machine operators to be sold through vending machines located apart from and not connected with other taxable businesses shall be taxed at the rate of eight percent (8%).

(j) Sales of equipment used or designed for the purpose of assisting disabled persons, such as wheelchair equipment and lifts, that is mounted or attached to or installed on a private carrier of passengers or light carrier of property, as defined in Section 27-51-101, at the time when the private carrier of passengers or light carrier of property is sold shall be taxed at the same rate as the sale of such vehicles under this section.

405 (k) Sales of the factory-built components of modular
406 homes, panelized homes and precut homes, and panel constructed
407 homes consisting of structural insulated panels, shall be taxed at
408 the rate of three percent (3%).

409 (l) Sales of materials used in the repair, renovation,
410 addition to, expansion and/or improvement of buildings and related
411 facilities used by a dairy producer shall be taxed at the rate of
412 three and one-half percent (3-1/2%). For the purposes of this
413 paragraph (l), "dairy producer" means any person engaged in the
414 production of milk for commercial use.

415 (m) Sales of equipment and materials used in connection
416 with geophysical surveying, exploring, developing, drilling,
417 redrilling, completing, working over, producing, distributing, or
418 testing of oil, gas and other mineral resources shall be taxed at
419 the rate of four and one-half percent (4-1/2%). Operators that
420 rebill sales of equipment and materials to nonoperating working
421 interest owners on behalf of a joint account through the joint
422 interest billing (JIB), where the sales tax has been paid or
423 accrued by the operator shall not be charged a sales tax on the
424 JIB as services income.

425 (n) Retail sales of food or drink for human consumption
426 not purchased with food stamps issued by the United States
427 Department of Agriculture or other federal agency, but which would
428 be exempt under Section 27-65-111(o) from the taxes imposed by
429 this chapter if the food items were purchased with food stamps,

shall be taxed at the rate of five percent (5%) from and after
July 1, 2025.

(2) From and after January 1, 1995, retail sales of private carriers of passengers and light carriers of property, as defined in Section 27-51-101, shall be taxed an additional two percent (2%).

(3) A manufacturer selling at retail in this state shall be required to make returns of the gross proceeds of such sales and pay the tax imposed in this section.

SECTION 4. Section 27-65-241, Mississippi Code of 1972, is amended as follows:

27-65-241. (1) As used in this section, the following terms shall have the meanings ascribed to them in this section unless otherwise clearly indicated by the context in which they are used:

(a) "Hotel" or "motel" means and includes a place of lodging that at any one time will accommodate transient guests on a daily or weekly basis and that is known to the trade as such. Such terms shall not include a place of lodging with ten (10) or less rental units.

(b) "Municipality" means any municipality in the State of Mississippi with a population of one hundred fifty thousand (150,000) or more according to the most recent federal decennial census.

(c) "Restaurant" means and includes all places where prepared food is sold and whose annual gross proceeds of sales or gross income for the preceding calendar year equals or exceeds One

Hundred Thousand Dollars (\$100,000.00). The term "restaurant" shall not include any nonprofit organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. For the purpose of calculating gross proceeds of sales or gross income, the sales or income of all establishments owned, operated or controlled by the same person, persons or corporation shall be aggregated.

(2) (a) Subject to the provisions of this section, the governing authorities of a municipality may impose upon all persons as a privilege for engaging or continuing in business or doing business within such municipality, a special sales tax at the rate of not more than one percent (1%) of the gross proceeds of sales or gross income of the business, as the case may be, derived from any of the activities taxed at the rate of seven percent (7%) or more under the Mississippi Sales Tax Law, Section 27-65-1 et seq.

(b) The tax levied under this section shall apply to every person making sales of tangible personal property or services within the municipality but shall not apply to:

(i) Sales exempted by Sections 27-65-19, 27-65-101, 27-65-103, 27-65-105, 27-65-107, 27-65-109 and 27-65-111 of the Mississippi Sales Tax Law;

(ii) Gross proceeds of sales or gross income of restaurants derived from the sale of food and beverages;

480 (iii) Gross proceeds of sales or gross income of
481 hotels and motels derived from the sale of hotel rooms and motel
482 rooms for lodging purposes;

483 * * * ~~_____ (iv) Retail sales of food for human~~
484 ~~consumption not purchased with food stamps issued by the United~~
485 ~~States Department of Agriculture, or other federal agency, but~~
486 ~~which would be exempt under Section 27-65-111(e) from the taxes~~
487 ~~imposed by this chapter if the food items were purchased with food~~
488 ~~stamps;~~

489 (* * * ~~v~~iv) Gross income of businesses engaging or
490 continuing in the business of TV cable systems, subscription TV
491 services, and other similar activities, including, but not limited
492 to, cable Internet services;

493 (* * * ~~v~~iv) Wholesale sales of food and drink for
494 human consumption sold to full service vending machine operators;
495 and

496 (* * * ~~vii~~vi) Wholesale sales of light wine, light
497 spirit product, beer and alcoholic beverages.

498 (3) (a) Before any tax authorized under this section may be
499 imposed, the governing authorities of the municipality shall adopt
500 a resolution declaring its intention to levy the tax, setting
501 forth the amount of the tax to be imposed, the purposes for which
502 the revenue collected pursuant to the tax levy may be used and
503 expended, the date upon which the tax shall become effective, the
504 date upon which the tax shall be repealed, and calling for an
505 election to be held on the question. The date of the election

shall be set in the resolution. Notice of the election shall be published once each week for at least three (3) consecutive weeks in a newspaper published or having a general circulation in the municipality, with the first publication of the notice to be made not less than twenty-one (21) days before the date fixed in the resolution for the election and the last publication to be made not more than seven (7) days before the election. At the election, all qualified electors of the municipality may vote. The ballots used at the election shall have printed thereon a brief description of the sales tax, the amount of the sales tax levy, a description of the purposes for which the tax revenue may be used and expended and the words "FOR THE LOCAL SALES TAX" and "AGAINST THE LOCAL SALES TAX" and the voter shall vote by placing a cross (X) or check mark (✓) opposite his choice on the proposition. When the results of the election have been canvassed by the election commissioners of the municipality and certified by them to the governing authorities, it shall be the duty of such governing authorities to determine and adjudicate whether at least three-fifths (3/5) of the qualified electors who voted in the election voted in favor of the tax. If at least three-fifths (3/5) of the qualified electors who voted in the election voted in favor of the tax, the governing authorities shall adopt a resolution declaring the levy and collection of the tax provided in this section and shall set the first day of the second month following the date of such adoption as the effective date of the tax levy. A certified copy of this resolution, together with the

532 result of the election, shall be furnished to the Department of
533 Revenue not less than thirty (30) days before the effective date
534 of the levy.

535 (b) A municipality shall not hold more than two (2)
536 elections under this subsection.

537 (4) The revenue collected pursuant to the tax levy imposed
538 under this section may be expended to pay the cost of road and
539 street repair, reconstruction and resurfacing projects based on
540 traffic patterns, need and usage, and to pay the costs of water,
541 sewer and drainage projects in accordance with a master plan
542 adopted by the commission established pursuant to subsection (7).

543 (5) (a) The special sales tax authorized by this section
544 shall be collected by the Department of Revenue, shall be
545 accounted for separately from the amount of sales tax collected
546 for the state in the municipality and shall be paid to the
547 municipality. The Department of Revenue may retain one percent
548 (1%) of the proceeds of such tax for the purpose of defraying the
549 costs incurred by the department in the collection of the tax.
550 Payments to the municipality shall be made by the Department of
551 Revenue on or before the fifteenth day of the month following the
552 month in which the tax was collected. However, if a municipality
553 fails to comply with the audit, reporting and/or report filing
554 requirements of paragraph (b) of this subsection and does not
555 remedy such noncompliance within thirty (30) days after receiving
556 written notice of noncompliance, the Department of Revenue shall
557 withhold payments otherwise payable to the municipality under this

558 paragraph (a) until the department receives written notice that
559 the municipality has complied with such requirements.

560 (b) The proceeds of the special sales tax shall be
561 placed into a special municipal fund apart from the municipal
562 general fund and any other funds of the municipality, and shall be
563 expended by the municipality solely for the purposes authorized in
564 subsection (4) of this section. The records reflecting the
565 receipts and expenditures of the revenue from the special sales
566 tax shall be provided in detail to the members of the commission
567 monthly, to include the name of the vendor and the project, and
568 the dates and amounts received and paid, and shall also be audited
569 annually by an independent certified public accountant. The
570 accountant shall make a report of his findings to the governing
571 authorities of the municipality and file a copy of his report with
572 the Secretary of the Senate and the Clerk of the House of
573 Representatives and the commission members. The audit shall be
574 made and completed as soon as practical after the close of the
575 fiscal year of the municipality, and expenses of the audit shall
576 be paid from the funds derived by the municipality pursuant to
577 this section.

578 (c) Any expenditure from the special municipal fund
579 defined in paragraph (b) above that was not for a project approved
580 by the commission, or was in excess of the amount approved by the
581 commission, shall be reimbursed by the city to the special fund.

582 (d) All provisions of the Mississippi Sales Tax Law
583 applicable to filing of returns, discounts to the taxpayer,

remittances to the Department of Revenue, enforced collection, rights of taxpayers, recovery of improper taxes, refunds of overpaid taxes or other provisions of law providing for imposition and collection of the state sales tax shall apply to the special sales tax authorized by this section, except where there is a conflict, in which case the provisions of this section shall control. Any damages, penalties or interest collected for the nonpayment of taxes imposed under this section, or for noncompliance with the provisions of this section, shall be paid to the municipality on the same basis and in the same manner as the tax proceeds. Any overpayment of tax for any reason that has been disbursed to a municipality or any payment of the tax to a municipality in error may be adjusted by the Department of Revenue on any subsequent payment to the municipality pursuant to the provisions of the Mississippi Sales Tax Law. The Department of Revenue may, from time to time, make such rules and regulations not inconsistent with this section as may be deemed necessary to carry out the provisions of this section, and such rules and regulations shall have the full force and effect of law.

(6) If a municipality expands its corporate boundaries, the governing authorities of the municipality may not impose the special sales tax in the annexed area unless the tax is approved at an election conducted, as far as is practicable, in the manner provided in subsection (3) of this section, except that only qualified electors in the annexed area may vote in the election.

609 (7) (a) Any municipality that levies the special sales tax
610 authorized under this section shall establish a commission as
611 provided for in this section. Expenditures of revenue from the
612 special sales tax authorized by this section shall be in
613 accordance with a master plan adopted by the commission pursuant
614 to this subsection.

615 (b) The commission shall be composed of ten (10) voting
616 members who shall be known as commissioners appointed as follows:

617 (i) Four (4) members representing the business
618 community in the municipality appointed by the local chamber of
619 commerce for initial terms of one (1), two (2), four (4) and five
620 (5) years respectively. The members appointed pursuant to this
621 paragraph shall be persons who represent businesses located within
622 the city limits of the municipality.

623 (ii) Three (3) members shall be appointed at large
624 by the mayor of the municipality, with the advice and consent of
625 the legislative body of the municipality, for initial terms of two
626 (2), three (3) and four (4) years respectively. All appointments
627 made by the mayor pursuant to this paragraph shall be residents of
628 the municipality.

629 (iii) One (1) member shall be appointed at large
630 by the Governor for an initial term of four (4) years. All
631 appointments made by the Governor pursuant to this paragraph shall
632 be residents of the municipality.

633 (iv) One (1) member shall be appointed at large by
634 the Lieutenant Governor for an initial term of four (4) years.

635 All appointments made by the Lieutenant Governor pursuant to this
636 paragraph shall be residents of the municipality.

637 (v) One (1) member shall be appointed at large by
638 the Speaker of the House of Representatives for a term of four (4)
639 years. All appointments made by the Speaker of the House of
640 Representatives pursuant to this paragraph shall be residents of
641 the municipality.

642 (c) The terms of all appointments made subsequent to
643 the initial appointment shall be made for five (5) years. Any
644 vacancy which may occur shall be filled in the same manner as the
645 original appointment and shall be made for the unexpired term.

646 (d) The mayor of the municipality shall designate a
647 chairman of the commission from among the membership of the
648 commission. The vice chairman and secretary shall be elected by
649 the commission from among the membership of the commission for a
650 term of two (2) years. The vice chairman and secretary may be
651 reelected, and the chairman may be reappointed.

652 (e) The commissioners shall serve without compensation.

653 (f) Any commissioner shall be disqualified and shall be
654 removed from office for either of the following reasons:

655 (i) Conviction of a felony in any state court or
656 in federal court; or

657 (ii) Failure to attend three (3) consecutive
658 meetings without just cause.

659 If a commissioner is removed for any of the above reasons,
660 the vacancy shall be filled in the manner prescribed in this
661 section and shall be made for the unexpired term.

662 (g) A quorum shall consist of six (6) voting members of
663 the commission. The commission shall adopt such rules and
664 regulations as may govern the time and place for holding meetings,
665 regular and special.

666 (h) The commission shall, with input from the
667 municipality, establish a master plan for road and street repair,
668 reconstruction and resurfacing projects based on traffic patterns,
669 need and usage, and for water, sewer and drainage projects.
670 Expenditures of the revenue from the tax authorized to be imposed
671 pursuant to this section shall be made at the discretion of the
672 governing authorities of the municipality if the expenditures
673 comply with the master plan. The commission shall monitor the
674 compliance of the municipality with the master plan.

675 (8) The governing authorities of any municipality that
676 levies the special sales tax authorized under this section are
677 authorized to incur debt, including bonds, notes or other
678 evidences of indebtedness, for the purpose of paying the costs of
679 road and street repair, reconstruction and resurfacing projects
680 based on traffic patterns, need and usage, and to pay the costs of
681 water, sewer and drainage projects in accordance with a master
682 plan adopted by the commission established pursuant to subsection
683 (7) of this section. Any bonds or notes issued to pay such costs
684 may be secured by the proceeds of the special sales tax levied

pursuant to this section or may be general obligations of the municipality and shall satisfy the requirements for the issuance of debt provided by Sections 21-33-313 through 21-33-323.

(9) This section shall stand repealed from and after July 1, 2035.

SECTION 5. Section 27-67-5, Mississippi Code of 1972, is brought forward as follows:

27-67-5. There is hereby levied, assessed and shall be collected from every person a tax for the privilege of using, storing or consuming, within this state, any tangible personal property or specified digital product possession of which is acquired in any manner.

(a) The use tax hereby imposed and levied shall be collected at the same rates as imposed under Section 27-65-20, and Sections 27-65-17, 27-65-18, 27-65-19, 27-65-24, 27-65-25 and 27-65-26 computed on the purchase or sales price, or value, as defined in this article.

(b) It shall be the duty of the tax collectors of the several counties, or the commissioner, as the case may be, to collect, remit and account for the tax on the use of all vehicles licensed or registered by the State of Mississippi for the first time, except when the Mississippi use tax was collected by an authorized out-of-state dealer at the time of purchase, or when the use thereof was exempt by Section 27-67-7. The tax collector or the commissioner shall give to the person registering the

710 vehicle a receipt in a form prescribed and furnished by the
711 Department of Revenue for the amount of tax collected.

712 The tax collector or the commissioner is expressly prohibited
713 from issuing a license tag to any applicant without collecting the
714 tax levied by this article, unless positive proof is filed,
715 together with the application for the license tag, that the
716 Mississippi tax has been paid, or that the sale was exempt by
717 Section 27-67-7.

718 Persons not engaging and continuing in business so as to be
719 registered for payment of sales and/or use tax may pay use tax due
720 on the first use of boats, airplanes, equipment or other tangible
721 personal property and specified digital products to county tax
722 collectors who are hereby authorized to accept such payments on
723 behalf of the commissioner. Receipts for all such payments shall
724 be given to taxpayers in a form prescribed and furnished by the
725 Department of Revenue.

726 County tax collectors and the commissioner shall be liable
727 for the tax they are required hereby to collect, and taxes which
728 are in fact collected under authority of this section; and failure
729 to properly collect or maintain proper records shall not relieve
730 them of liability for payment to the commissioner. Deficiencies
731 in collection or payment shall be assessed against the tax
732 collector or the commissioner in the same manner and subject to
733 the same penalties and provisions for appeal as are deficiencies
734 assessed against taxpayers.

735 A dealer authorized to collect and remit the tax to the
736 Department of Revenue shall give to the purchaser a receipt for
737 the payment of the tax, in a form prescribed and furnished by the
738 commissioner, which shall serve as proof of payment to the tax
739 collector of the county in which the license is to be issued.

740 Each tax collector of the several counties shall, on or
741 before the twentieth day of each month, file a report with and pay
742 to the commissioner all funds collected under the provisions of
743 this article, less a commission of five percent (5%) which shall
744 be retained by the tax collector as a commission for collecting
745 such tax and be deposited in the county general fund. The report
746 required to be filed shall cover all collections made during the
747 calendar month next preceding the date on which the report is due
748 and filed.

749 Any error in the report and remittance to the commissioner
750 may be adjusted on a subsequent report. If the error was in the
751 collection by the tax collector, it shall be adjusted through the
752 tax collector with the taxpayer before credit is allowed by the
753 commissioner.

754 All information relating to the collection of use tax by tax
755 collectors and such records as the commissioner may require shall
756 be preserved in the tax collector's office for a period of three
757 (3) years for audit by the commissioner.

758 Computer software maintained on a server located outside the
759 state and accessible for use only via the internet is not a
760 taxable use, storage or consumption under this chapter.

761 **SECTION 6.** Section 27-55-11, Mississippi Code of 1972, is
762 amended as follows:

763 27-55-11. Any person in business as a distributor of
764 gasoline or who acts as a distributor of gasoline, as defined in
765 this article, shall pay for the privilege of engaging in such
766 business or acting as such distributor an excise tax equal to
767 Eighteen Cents (18¢) per gallon through June 30, 2025, Twenty-one
768 Cents (21¢) per gallon from July 1, 2025, through June 30, 2026,
769 Twenty-four Cents (24¢) per gallon from July 1, 2026, through June
770 30, 2027, Twenty-seven Cents (27¢) per gallon from July 1, 2027,
771 until the date specified in Section 65-39-35, and Fourteen and
772 Four-tenths Cents (14.4¢) per gallon thereafter, on all gasoline
773 and blend stock stored, sold, distributed, manufactured, refined,
774 distilled, blended or compounded in this state or received in this
775 state for sale, use on the highways, storage, distribution, or for
776 any purpose.

777 Any person in business as a distributor of aviation gasoline,
778 or who acts as a distributor of aviation gasoline, shall pay for
779 the privilege of engaging in such business or acting as such
780 distributor an excise tax equal to Six and Four-tenths Cents
781 (6.4¢) per gallon on all aviation gasoline stored, sold,
782 distributed, manufactured, refined, distilled, blended or
783 compounded in this state or received in this state for sale,
784 storage, distribution or for any purpose.

785 Beginning July 1, 2029, and on July 1 of every other year
786 thereafter, the excise tax rate provided in this section shall be

adjusted by the percentage change in the yearly average of the National Highway Construction Cost Index (NHCCI) issued by the U.S. Federal Highway Administration (FHWA) for the most recent twelve-month published period ending December 31, compared to the base year average, which is the average for the twelve-month period ending December 31, 2025, and rounded to the nearest whole cent. The maximum amount of increase in the excise tax rate shall not exceed One Cent (1¢) per net gallon of gasoline or special fuel and shall take effect every other year. The Department of Revenue shall notify each terminal supplier, position holder, licensed distributors distributor, and importer of the tax rate adjustment applicable under this paragraph on or before March 1.

The excise taxes collected under this section shall be paid and distributed in accordance with Section 27-5-101.

The tax herein imposed and assessed shall be collected and paid to the State of Mississippi but once in respect to any gasoline. The basis for determining the tax liability shall be the correct invoiced gallons, adjusted to sixty (60) degrees Fahrenheit at the refinery or point of origin of shipment when such shipment is made by tank car or by motor carrier. The point of origin of shipment of gasoline transported into this state by pipelines shall be deemed to be that point in this state where such gasoline is withdrawn from the pipeline for storage or distribution, and adjustment to sixty (60) degrees Fahrenheit shall there be made. The basis for determining the tax liability on gasoline shipped into this state in barge cargoes and by

813 pipeline shall be the actual number of gallons adjusted to sixty
814 (60) degrees Fahrenheit unloaded into storage tanks or other
815 containers in this state, such gallonage to be determined by
816 measurement and/or gauge of storage tank or tanks or by any other
817 method authorized by the commission. The tank or tanks into which
818 barge cargoes of gasoline are discharged, or into which gasoline
819 transported by pipeline is discharged, shall have correct gauge
820 tables listing capacity, such gauge tables to be prepared by some
821 recognized calibrating agency and to be approved by the
822 commission.

823 The tax levied herein shall accrue at the time gasoline is
824 withdrawn from a refinery in this state except when withdrawal is
825 by pipeline, barge, ship or vessel. The refiner shall pay to the
826 commission the tax levied herein when gasoline is sold or
827 delivered to persons who do not hold gasoline distributor permits.
828 The refiner shall report to the commission all sales and
829 deliveries of gasoline to bonded distributors of gasoline. The
830 bonded distributor of gasoline who purchases, receives or acquires
831 gasoline from a refinery in this state shall report such gasoline
832 and pay the tax levied herein.

833 Gasoline imported by common carrier shall be deemed to be
834 received by the distributor of gasoline, and the tax levied herein
835 shall accrue, when the car or tank truck containing such gasoline
836 is unloaded by the carrier.

837 With respect to distributors or other persons who bring,
838 ship, have transported, or have brought into this state gasoline

by means other than through a common carrier, the tax accrues and the tax liability attaches on the distributor or other person for each gallon of gasoline brought into the state at the time when and at the point where such gasoline is brought into the state.

The tax levied herein shall accrue on blend stock at the time it is blended with gasoline. The blender shall pay to the commission the tax levied herein when blend stock is sold or delivered to persons who do not hold gasoline distributor permits. The blender shall report to the commission all sales and deliveries of blend stock to bonded distributors of gasoline. The bonded distributor of gasoline who purchases, receives or acquires blend stock from a blender in this state shall report blend stock and pay the tax levied herein.

SECTION 7. Section 27-55-519, Mississippi Code of 1972, is amended as follows:

27-55-519. (1) Any person engaged in business as a distributor of special fuel or who acts as a distributor of special fuel, as defined in this article, shall pay for the privilege of engaging in such business or acting as such distributor an excise tax on all special fuel stored, used, sold, distributed, manufactured, refined, distilled, blended or compounded in this state or received in this state for sale, storage, distribution or for any purpose, adjusted to sixty (60) degrees Fahrenheit.

The excise tax shall become due and payable when:

(a) Special fuel is withdrawn from storage at a refinery, marine or pipeline terminal, except when withdrawal is by barge or pipeline.

(b) Special fuel imported by a common carrier is unloaded by that carrier unless the special fuel is unloaded directly into the storage tanks of a refinery, marine or pipeline terminal.

(c) Special fuel imported by any person other than a common carrier enters the State of Mississippi unless the special fuel is unloaded directly into the storage tanks of a refinery, marine or pipeline terminal.

(d) Special fuel is blended in this state unless such blending occurs in a refinery, marine or pipeline terminal.

(e) Special fuel is acquired tax free.

(2) The special fuel excise tax shall be as follows:

(a) * * * ~~Eighteen Cents (18¢) per gallon~~ On undyed diesel fuel, Eighteen Cents (18¢) per gallon through June 30, 2025, Twenty-one Cents (21¢) per gallon from July 1, 2025, through June 30, 2026, Twenty-four Cents (24¢) per gallon from July 1, 2026, through June 30, 2027, Twenty-seven Cents (27¢) per gallon from July 1, 2027, until the date specified in Section 65-39-35, and Fourteen and Three-fourths Cents (14.75¢) per gallon thereafter;

(b) Five and Three-fourths Cents (5.75¢) per gallon on all special fuel except undyed diesel fuel and special fuel used as fuels in aircraft; and

(c) Five and One-fourth Cents (5.25¢) per gallon on special fuel used as fuel in aircraft.

(3) Beginning July 1, 2029, and on July 1 of every other year thereafter, the excise tax rate provided in this section shall be adjusted by the percentage change in the yearly average of the National Highway Construction Cost Index (NHCCI) issued by the U.S. Federal Highway Administration (FHWA) for the most recent twelve-month published period ending December 31, compared to the base year average, which is the average for the twelve-month period ending December 31, 2025, and rounded to the nearest whole cent. The maximum amount of increase in the excise tax rate shall not exceed One Cent (1¢) per net gallon of gasoline or special fuel and shall take effect every other year. The Department of Revenue shall notify each terminal supplier, position holder, licensed distributors distributor, and importer of the tax rate adjustment applicable under this paragraph on or before March 1.

SECTION 8. Section 27-55-521, Mississippi Code of 1972, is amended as follows:

27-55-521. (1) An excise tax at the rate of Eighteen Cents (18¢) per gallon through June 30, 2025, Twenty-one Cents (21¢) per gallon from July 1, 2025, through June 30, 2026, Twenty-four Cents (24¢) per gallon from July 1, 2026, through June 30, 2027, Twenty-seven Cents (27¢) per gallon from July 1, 2027, until the date specified in Section 65-39-35, * * * ~~Mississippi Code of 1972,~~ and Fourteen and Three-fourths Cents (14.75¢) per gallon

thereafter is levied on any person engaged in business as a distributor of special fuel or who acts as such who sells:

(a) Special fuel for use in performing contracts for construction, reconstruction, maintenance or repairs, where such contracts are entered into with the State of Mississippi, any political subdivision of the State of Mississippi, or any department, agency, institution of the State of Mississippi or any political subdivision thereof.

(b) Dyed diesel fuel or kerosene to a state or local governmental entity for use on the highways in a motor vehicle.

(c) Special fuel for use on the highway.

(2) An excise tax at the rate of Eighteen Cents (18¢) per gallon through June 30, 2025, Twenty-one Cents (21¢) per gallon from July 1, 2025, through June 30, 2026, Twenty-four Cents (24¢) per gallon from July 1, 2026, through June 30, 2027, Twenty-seven Cents (27¢) per gallon from July 1, 2027, until the date specified in Section 65-39-35, * * * ~~Mississippi Code of 1972,~~ and Fourteen and Three-fourths Cents (14.75¢) per gallon thereafter is levied on any person who:

(a) Uses dyed diesel fuel or kerosene in a motor vehicle on the highways of this state in violation of Section 27-55-539.

(b) Purchases or acquires undyed diesel fuel or kerosene for nonhighway use and subsequently uses such diesel fuel or kerosene in a motor vehicle on the highways of this state.

940 (c) Purchases or acquires special fuel for use in
941 performing contracts as specified in this section.

942 (3) Beginning July 1, 2029, and on July 1 of every other
943 year thereafter, the excise tax rate provided in this section
944 shall be adjusted by the percentage change in the yearly average
945 of the National Highway Construction Cost Index (NHCCI) issued by
946 the U.S. Federal Highway Administration (FHWA) for the most recent
947 twelve-month published period ending December 31, compared to the
948 base year average, which is the average for the twelve-month
949 period ending December 31, 2025, and rounded to the nearest whole
950 cent. The maximum amount of increase in the excise tax rate shall
951 not exceed One Cent (1¢) per net gallon of gasoline or special
952 fuel and shall take effect every other year. The Department of
953 Revenue shall notify each terminal supplier, position holder,
954 licensed distributors distributor, and importer of the tax rate
955 adjustment applicable under this paragraph on or before March 1.

956 **SECTION 9.** Section 27-55-12, Mississippi Code of 1972, is
957 amended as follows:

958 27-55-12. (1) The United States government, the State of
959 Mississippi, counties, municipalities, school districts and all
960 other political subdivisions of the state, and volunteer fire
961 departments chartered under the laws of the State of Mississippi
962 as nonprofit corporations shall be exempt from excise taxes on
963 gasoline, special fuel and compressed gas as follows:

964 (a) From the excise tax rate in excess of Nine Cents
965 (9¢) per gallon of gasoline and from the excise tax rate in excess

966 of One Cent (1¢) per gallon of aviation gasoline levied under
967 Section 27-55-11, Mississippi Code of 1972, Five and Four-tenths
968 Cents (5.4¢) thereof shall be exempt as provided in Section
969 27-55-19, Mississippi Code of 1972.

970 (b) From the excise tax rate in excess of Ten Cents
971 (10¢) per gallon of special fuel levied * * * ~~at Eighteen Cents~~
972 ~~(18¢) per gallon~~ under Sections 27-55-519 and 27-55-521 and
973 subject to reduction on the date specified in Section 65-39-35,
974 Four and Three-fourths Cents (4.75¢) thereof shall be exempt.

975 (c) From the excise tax rate in excess of One Cent (1¢)
976 per gallon of special fuel taxed at Five and Three-fourths Cents
977 (5.75¢) per gallon and from the excise tax rate in excess of
978 One-half Cent (1/2¢) per gallon of special fuel used in aircraft
979 levied under Section 27-55-519, Four and Three-fourths Cents
980 (4.75¢) thereof shall be exempt.

981 (d) From the portion of the excise tax rate on
982 compressed gas used as a motor fuel that exceeds the rate of tax
983 in effect on June 30, 1987, Three Cents (3¢) thereof shall be
984 exempt.

985 (2) The exemption provided in subsection (1) of this section
986 for sales of gasoline, special fuel and compressed gas to
987 volunteer fire departments shall apply only to sales of gasoline,
988 special fuel and compressed gas for use in a vehicle owned by a
989 volunteer fire department and used for department purposes.

990 (3) The exemption provided in subsection (1) of this section
991 for sales of gasoline, special fuel and compressed gas also shall

992 apply to sales of gasoline, special fuel and compressed gas to an
993 entity described in Section 27-51-41(2)(u) for use in buses and
994 other motor vehicles that are exempt from ad valorem taxation
995 under Section 27-51-41(2)(u).

996 (4) Any person other than a bonded distributor of gasoline,
997 bonded distributor of special fuel or bonded distributor of
998 compressed gas who sells or delivers any gasoline, special fuel or
999 compressed gas, subject to the exemption set forth in this
1000 section, is required to obtain credit for such exemption from a
1001 bonded distributor of gasoline, special fuel or compressed gas.

1002 **SECTION 10.** Section 27-55-523, Mississippi Code of 1972, is
1003 amended as follows:

1004 27-55-523. For the purpose of determining the amount of his
1005 liability for the tax imposed by this article, each bonded
1006 distributor of special fuel shall, not later than the twentieth
1007 day of the month next following the month in which this article
1008 becomes effective, and not later than the twentieth day of each
1009 month thereafter, file with the department a monthly report which
1010 shall include a statement of the number of gallons of special fuel
1011 received and sold by such distributor of special fuel within this
1012 state during the preceding calendar month, and such other
1013 information as may be reasonably necessary for the proper
1014 administration of this article.

1015 At the time of filing each monthly report with the
1016 department, a distributor may take a credit for the number of
1017 gallons of special fuel that he purchased during the preceding

calendar month from a distributor who pays the excise tax imposed by this article on such special fuel.

At the time of filing each monthly report with the department, each distributor of special fuel shall pay to the department the full amount of the special fuel tax due from such distributor for the preceding calendar month.

Reports and payments must be filed electronically by the due date in order to be considered timely filed, except when the due date falls on a weekend or holiday, in which case such reports and payments must be filed electronically by the first working day following the due date in order to be considered timely filed.

The monthly report of the distributor of special fuel shall be prepared and filed with the department on forms prescribed by the department, or the distributor of special fuel may, with the approval of the department, furnish the required information on machine-prepared schedules. Such monthly reports or schedules shall be signed by the distributor or his duly authorized agent and shall contain a declaration that the statements contained in such report are true and correct and are made under the penalty of perjury.

When special fuel, which would otherwise be taxable under the provisions of this article, is imported, sold, delivered or exported, under conditions which will exclude such special fuel from the tax levied under this article by reasons of one or more of the exemptions provided in this article, deduction for such exempt special fuel may be taken without prior approval of the

department on the monthly report of the bonded distributor of special fuel importing, selling, delivering or exporting such special fuel. Provided, however, that the department may require proof to be furnished of such deduction for exempt special fuel.

When the Five and Three-fourths Cents (5.75¢) per gallon tax has accrued or has been paid on special fuel that is taxed * * * ~~at Eighteen Cents (18¢) per gallon~~ under Sections 27-55-519 and 27-55-521 and subject to reduction on the date specified in Section 65-39-35, a deduction of Five and Three-fourths Cents (5.75¢) per gallon may be made.

SECTION 11. Section 27-5-101, Mississippi Code of 1972, is amended as follows:

[With regard to any county which is exempt from the provisions of Section 19-2-3, this section shall read as follows:]

27-5-101. Unless otherwise provided in this section, on or before the fifteenth day of each month, all gasoline, diesel fuel or kerosene taxes which are levied under the laws of this state and collected during the previous month shall be paid and apportioned by the * * * ~~State Tax Commission~~ Department of Revenue as follows:

(a) (i) Except as otherwise provided in Section 31-17-127, from the gross amount of gasoline, diesel fuel or kerosene taxes produced by the state, there shall be deducted an amount equal to one-sixth (1/6) of principal and interest certified by the State Treasurer to the * * * ~~State Tax Commission~~ Department of Revenue to be due on the next semiannual bond and

1070 interest payment date, as required under the provisions of Chapter
1071 130, Laws of 1938, and subsequent acts authorizing the issuance of
1072 bonds payable from gasoline, diesel fuel or kerosene tax revenue
1073 on a parity with the bonds issued under authority of said Chapter
1074 130. The State Treasurer shall certify to the * * *~~State Tax~~
1075 ~~Commission~~ Department of Revenue on or before the fifteenth day of
1076 each month the amount to be paid to the "Highway Bonds Sinking
1077 Fund" as provided by said Chapter 130, Laws of 1938, and
1078 subsequent acts authorizing the issuance of bonds payable from
1079 gasoline, diesel fuel or kerosene tax revenue, on a parity with
1080 the bonds issued under authority of said Chapter 130; and
1081 the * * *~~State Tax Commission~~ Department of Revenue shall, on or
1082 before the twenty-fifth day of each month, pay into the State
1083 Treasury for credit to the "Highway Bonds Sinking Fund" the amount
1084 so certified to him by the State Treasurer due to be paid into
1085 such fund each month. The payments to the "Highway Bonds Sinking
1086 Fund" shall be made out of gross gasoline, diesel fuel or kerosene
1087 tax collections before deductions of any nature are considered;
1088 however, such payments shall be deducted from the allocation to
1089 the Mississippi Department of Transportation under paragraph (c)
1090 of this section.

1091 (ii) From collections derived from the portion of
1092 the gasoline excise tax that exceeds Seven Cents (7¢) per gallon,
1093 up to and including Eighteen Cents (18¢) per gallon, from the
1094 portion of the tax on aviation gas under Section 27-55-11 that
1095 exceeds Six and Four-tenths Cents (6.4¢) per gallon, from the

1096 portion of the special fuel tax levied under Sections 27-55-519
1097 and 27-55-521 * * *, ~~at Eighteen Cents (18¢) per gallon that~~
1098 exceeds Ten Cents (10¢) per gallon, up to and including Eighteen
1099 Cents (18¢) per gallon, from the portion of the taxes levied under
1100 Section 27-55-519, at Five and Three-fourths Cents (5.75¢) per
1101 gallon that exceeds One Cent (1¢) per gallon on special fuel and
1102 Five and One-fourth Cents (5.25¢) per gallon on special fuel used
1103 as aircraft fuel, from the portion of the excise tax on compressed
1104 gas used as a motor fuel that exceeds the rate of tax in effect on
1105 June 30, 1987, and from the portion of the gasoline excise tax in
1106 excess of Seven Cents (7¢) per gallon and the diesel excise tax in
1107 excess of Ten Cents (10¢) per gallon under Section 27-61-5 there
1108 shall be deducted:

1109 1. An amount as provided in Section
1110 27-65-75(4) to the credit of a special fund designated as the
1111 "Office of State Aid Road Construction."

1112 2. An amount equal to the tax collections
1113 derived from Two Cents (2¢) per gallon of the gasoline excise tax
1114 for distribution to the State Highway Fund to be used exclusively
1115 for the construction, reconstruction and maintenance of highways
1116 of the State of Mississippi or the payment of interest and
1117 principal on bonds when specifically authorized by the Legislature
1118 for that purpose.

1119 3. The balance shall be deposited in the
1120 State Treasury to the credit of the State Highway Fund.

1121 (iii) From collections derived from the portion of
1122 the gasoline excise tax that exceeds Eighteen Cents (18¢) per
1123 gallon, and from the portion of the special fuel tax levied under
1124 Sections 27-55-519 and 27-55-521 that exceeds Eighteen Cents (18¢)
1125 per gallon, and from the portion of the gasoline excise tax and
1126 the diesel excise tax in excess of Eighteen Cents (18¢) per gallon
1127 under Section 27-61-5, there shall be deducted:

1128 1. Twenty-three and one-fourth percent
1129 (23.25%) of such amount to the credit of a special fund designated
1130 as the "Office of State Aid Road Construction."

1131 2. Two and three-fourths percent (2.75%) of
1132 such amount to the Strategic Multi-Modal Investments Fund created
1133 in Section 65-1-901.

1134 3. Seventy-four percent (74%) of such amount
1135 to the Mississippi Department of Transportation for constructing,
1136 maintaining or improving segments of highways and bridges under
1137 its jurisdiction, and for operational improvements on such
1138 segments, in accordance with a project schedule as reported in the
1139 three-year plan as adopted, amended by or reissued by the
1140 Mississippi Transportation Commission under Section 65-1-141.

1141 (b) Subject to the provisions that said basis of
1142 distribution shall in nowise affect adversely the amount
1143 specifically pledged in paragraph (a) of this section to be paid
1144 into the "Highway Bonds Sinking Fund," the following shall be
1145 deducted from the amount produced by the state tax on gasoline,
1146 diesel fuel or kerosene tax collections, excluding collections

derived from the portion of the gasoline excise tax that exceeds Seven Cents (7¢) per gallon, from the portion of the tax on aviation gas under Section 27-55-11 that exceeds Six and Four-tenths Cents (6.4¢) per gallon, from the portion of the special fuel tax levied under Sections 27-55-519 and 27-55-521, at Eighteen Cents (18¢) per gallon that exceeds Ten Cents (10¢) per gallon, from the portion of the taxes levied under Section 27-55-519, at Five and Three-fourths Cents (5.75¢) per gallon that exceeds One Cent (1¢) per gallon on special fuel and Five and One-fourth Cents (5.25¢) per gallon on special fuel used as aircraft fuel, from the portion of the excise tax on compressed gas used as a motor fuel that exceeds the rate of tax in effect on June 30, 1987, and from the portion of the gasoline excise tax in excess of Seven Cents (7¢) per gallon and the diesel excise tax in excess of Ten Cents (10¢) per gallon under Section 27-61-5:

(i) Twenty percent (20%) of such amount which shall be earmarked and set aside for the construction, reconstruction and maintenance of the highways and roads of the state, provided that if such twenty percent (20%) should reduce any county to a lesser amount than that received in the fiscal year ending June 30, 1966, then such twenty percent (20%) shall be reduced to a percentage to provide that no county shall receive less than its portion for the fiscal year ending June 30, 1966;

(ii) The amount allowed as refund on gasoline or as tax credit on diesel fuel or kerosene used for agricultural, maritime, industrial, domestic, and nonhighway purposes;

1173 (iii) Five percent (5%) of such amount shall be
1174 paid to the State Highway Fund;

1175 (iv) The amount or portion thereof authorized by
1176 legislative appropriation to the Fisheries and Wildlife Fund
1177 created under Section 59-21-25;

1178 (v) The amount for deposit into the special
1179 aviation fund under paragraph (d) of this section; and

1180 (vi) The remainder shall be divided on a basis of
1181 nine-fourteenths (9/14) and five-fourteenths (5/14) (being the
1182 same basis as Four and One-half Cents (4-1/2¢) and Two and
1183 One-half Cents (2-1/2¢) is to Seven Cents (7¢) on gasoline, and
1184 six and forty-three one-hundredths (6.43) and three and
1185 fifty-seven one-hundredths (3.57) is to Ten Cents (10¢) on diesel
1186 fuel or kerosene). The amount produced by the nine-fourteenths
1187 (9/14) division shall be allocated to the * * *~~Transportation~~
1188 Department of Transportation and paid into the State Treasury as
1189 provided in this section and in Section 27-5-103 and the
1190 five-fourteenths (5/14) division shall be returned to the counties
1191 of the state on the following basis:

1192 1. In each fiscal year, each county shall be
1193 paid each month the same percentage of the monthly total to be
1194 distributed as was paid to that county during the same month in
1195 the fiscal year which ended April 9, 1960, until the county
1196 receives One Hundred Ninety Thousand Dollars (\$190,000.00) in such
1197 fiscal year, at which time funds shall be distributed under the
1198 provisions of paragraph (b)(vi)4 of this section.

1199 2. If after payments in 1 above, any county
1200 has not received a total of One Hundred Ninety Thousand Dollars
1201 (\$190,000.00) at the end of the fiscal year ending June 30, 1961,
1202 and each fiscal year thereafter, then any available funds not
1203 distributed under 1 above shall be used to bring such county or
1204 counties up to One Hundred Ninety Thousand Dollars (\$190,000.00)
1205 or such funds shall be divided equally among such counties not
1206 reaching One Hundred Ninety Thousand Dollars (\$190,000.00) if
1207 there is not sufficient money to bring all the counties to said
1208 One Hundred Ninety Thousand Dollars (\$190,000.00).

1209 3. When a county has been paid an amount
1210 equal to the total which was paid to the same county during the
1211 fiscal year ended April 9, 1960, such county shall receive no
1212 further payments during the then current fiscal year until the
1213 last month of such current fiscal year, at which time distribution
1214 will be made under 2 above, except as set out in 4 below.

1215 4. During the last month of the current
1216 fiscal year, should it be determined that there are funds
1217 available in excess of the amount distributed for the year under 1
1218 and 2 above, then such excess funds shall be distributed among the
1219 various counties as follows:

1220 One-third (1/3) of such excess to be
1221 divided equally among the counties;

1222 One-third (1/3) of such excess to be paid
1223 to the counties in the proportion which the population of each

1224 county bears to the total population of the state according to the
1225 last federal census;

1226 One-third (1/3) of such excess to be paid
1227 to the counties in the proportion which the number of square miles
1228 of each county bears to the total square miles in the state.

1229 5. It is the declared purpose and intent of
1230 the Legislature that no county shall be paid less than was paid
1231 during the year ended April 9, 1960, unless the amount to be
1232 distributed to all counties in any year is less than the amount
1233 distributed to all counties during the year ended April 9, 1960.

1234 The Municipal Aid Fund as established by Section 27-5-103
1235 shall not participate in any portion of any funds allocated to any
1236 county hereunder over and above One Hundred Ninety Thousand
1237 Dollars (\$190,000.00).

1238 In any county having countywide road or bridge bonds, or
1239 supervisors district or district road or bridge bonds outstanding,
1240 which exceed, in the aggregate, twelve percent (12%) of the
1241 assessed valuation of the taxable property of the county or
1242 district, it shall be the duty of the board of supervisors to set
1243 aside not less than sixty percent (60%) of such county's share or
1244 district's share of the gasoline, diesel fuel or kerosene taxes to
1245 be used in paying the principal and interest on such road or
1246 bridge bonds as they mature.

1247 In any county having such countywide road or bridge bonds or
1248 district road or bridge bonds outstanding which exceed, in the
1249 aggregate, eight percent (8%) of the assessed valuation of the

1250 taxable property of the county, but which do not exceed, in the
1251 aggregate, twelve percent (12%) of the assessed valuation of the
1252 taxable property of the county, it shall be the duty of the board
1253 of supervisors to set aside not less than thirty-five percent
1254 (35%) of such county's share of the gasoline, diesel fuel or
1255 kerosene taxes to be used in paying the principal and interest of
1256 such road or bridge bonds as they mature.

1257 In any county having such countywide road or bridge bonds or
1258 district road or bridge bonds outstanding which exceed, in the
1259 aggregate, five percent (5%) of the assessed valuation of the
1260 taxable property of the county, but which do not exceed, in the
1261 aggregate, eight percent (8%) of the assessed valuation of the
1262 taxable property of the county, it shall be the duty of the board
1263 of supervisors to set aside not less than twenty percent (20%) of
1264 such county's share of the gasoline, diesel fuel or kerosene taxes
1265 to be used in paying the principal and interest of such road and
1266 bridge bonds as they mature.

1267 In any county having such countywide road or bridge bonds or
1268 district road or bridge bonds outstanding which do not exceed, in
1269 the aggregate, five percent (5%) of the assessed valuation of the
1270 taxable property of the county, it shall be the duty of the board
1271 of supervisors to set aside not less than ten percent (10%) of
1272 such county's share of the gasoline, diesel fuel or kerosene taxes
1273 to be used in paying the principal and interest on such road or
1274 bridge bonds as they mature.

1275 The portion of any such county's share of the gasoline,
1276 diesel fuel or kerosene taxes thus set aside for the payment of
1277 the principal and interest of road or bridge bonds, as provided
1278 for in this section, shall be used first in paying the currently
1279 maturing installments of the principal and interest of such
1280 countywide road or bridge bonds, if there be any such countywide
1281 road or bridge bonds outstanding, and secondly, in paying the
1282 currently maturing installments of principal and interest of
1283 district road or bridge bonds outstanding. It shall be the duty
1284 of the board of supervisors to pay bonds and interest maturing in
1285 each supervisors district out of the supervisors district's share
1286 of the gasoline, diesel fuel or kerosene taxes of such district.

1287 The remaining portion of such county's share of the gasoline,
1288 diesel fuel or kerosene taxes, after setting aside the portion
1289 above provided for the payment of the principal and interest of
1290 bonds, shall be used in the construction and maintenance of any
1291 public highways, bridges, or culverts of the county, including the
1292 roads in special or separate road districts, in the discretion of
1293 the board of supervisors, or in paying the interest and principal
1294 of county road and bridge bonds or district road and bridge bonds,
1295 in the discretion of the board of supervisors.

1296 In any county having no countywide road or bridge bonds or
1297 district road or bridge bonds outstanding, all such county's share
1298 of the gasoline, diesel fuel or kerosene taxes shall be used in
1299 the construction, reconstruction, and maintenance of the public

1300 highways, bridges, or culverts of the county as the board of
1301 supervisors may determine.

1302 In every county in which there are county road bonds or
1303 seawall or road protection bonds outstanding which were issued for
1304 the purpose of building bridges or constructing public roads or
1305 seawalls, such funds shall be used in the manner provided by law.

1306 (c) From the amount produced by the nine-fourteenths
1307 (9/14) division allocated to the * * * ~~Transportation~~ Department
1308 of Transportation, there shall be deducted:

1309 (i) The amount paid to the State Treasurer for the
1310 "Highway Bonds Sinking Fund" under paragraph (a) of this section;

1311 (ii) Any amounts due counties in accordance with
1312 Section 65-33-45 which have outstanding bonds issued for seawall
1313 or road protection purposes, issued under provisions of Chapter
1314 319, Laws of 1924, and amendments thereto;

1315 (iii) Except as otherwise provided in Section
1316 31-17-127, the remainder shall be paid by the * * * ~~State Tax~~
1317 ~~Commission~~ Department of Revenue to the State Treasurer on the
1318 fifteenth day of each month next succeeding the month in which the
1319 gasoline, diesel fuel or kerosene taxes were collected to the
1320 credit of the State Highway Fund.

1321 The funds allocated for the construction, reconstruction, and
1322 improvement of state highways, bridges, and culverts, or so much
1323 thereof as may be necessary, shall first be used in conjunction
1324 with funds supplied by the federal government for such purposes
1325 and allocated to the * * * ~~State Transportation~~ Department of

1326 Transportation to be expended on the state highway system. It is
1327 specifically provided hereby that the necessary portion of such
1328 funds hereinabove allocated to the * * * ~~State Transportation~~
1329 Department of Transportation may be used for the prompt payment of
1330 principal and interest on highway bonds heretofore issued,
1331 including such bonds issued or to be issued under the provisions
1332 of Chapter 312, Laws of 1956, and amendments thereto.

1333 Nothing contained in this section shall be construed to
1334 reduce the amount of such gasoline, diesel fuel or kerosene excise
1335 taxes levied by the state, allotted under the provisions of Title
1336 65, Chapter 33, Mississippi Code of 1972, to counties in which
1337 there are outstanding bonds issued for seawall or road protection
1338 purposes issued under the provisions of Chapter 319, Laws of 1924,
1339 and amendments thereto; the amount of said gasoline, diesel fuel
1340 or kerosene excise taxes designated in this section for the
1341 payment of bonds and interest authorized and issued or to be
1342 issued under the provisions of Chapter 130, Laws of 1938, and
1343 subsequent acts authorizing the issuance of bonds payable from
1344 gasoline, diesel fuel or kerosene tax revenue, shall, in such
1345 counties, be considered as being paid "into the State Treasury to
1346 the credit of the State Highway Fund" within the meaning of
1347 Section 65-33-45 in computing the amount to be paid to such
1348 counties under the provisions of said section, and this section
1349 shall be administered in connection with Title 65, Chapter 33,
1350 Mississippi Code of 1972, and Sections 65-33-45, 65-33-47 and
1351 65-33-49 dealing with seawalls, as if made a part of this section.

1352 (d) The proceeds of the Five and One-fourth Cents
1353 (5.25¢) of the tax per gallon on oils used as a propellant for jet
1354 aircraft engines, and Six and Four-tenths Cents (6.4¢) of the tax
1355 per gallon on aviation gasoline and the tax of One Cent (1¢) per
1356 gallon for each gallon of gasoline for which a refund has been
1357 made pursuant to Section 27-55-23 because such gasoline was used
1358 for aviation purposes, shall be paid to the State Treasury into a
1359 special fund to be used exclusively, pursuant to legislative
1360 appropriation, for the support and development of aeronautics as
1361 defined in Section 61-1-3.

1362 (e) State highway funds in an amount equal to the
1363 difference between Forty-two Million Dollars (\$42,000,000.00) and
1364 the annual debt service payable on the state's highway revenue
1365 refunding bonds, Series 1985, shall be expended for the
1366 construction or reconstruction of highways designated under the
1367 highway program created under Section 65-3-97.

1368 (f) "Gasoline, diesel fuel or kerosene taxes" as used
1369 in this section shall be deemed to mean and include state
1370 gasoline, diesel fuel or kerosene taxes levied and imposed on
1371 distributors of gasoline, diesel fuel or kerosene, and all state
1372 excise taxes derived from any fuel used to propel vehicles upon
1373 the highways of this state, when levied by any statute.

1374 **[With regard to any county which is required to operate on a**
1375 **countywide system of road administration as described in Section**
1376 **19-2-3, this section shall read as follows:]**

1377 27-5-101. Unless otherwise provided in this section, on or
1378 before the fifteenth day of each month, all gasoline, diesel fuel
1379 or kerosene taxes which are levied under the laws of this state
1380 and collected during the previous month shall be paid and
1381 apportioned by the * * * ~~State Tax Commission~~ Department of
1382 Revenue as follows:

1383 (a) (i) Except as otherwise provided in Section
1384 31-17-127, from the gross amount of gasoline, diesel fuel or
1385 kerosene taxes produced by the state, there shall be deducted an
1386 amount equal to one-sixth (1/6) of principal and interest
1387 certified by the State Treasurer to the * * * ~~State Tax Commission~~
1388 Department of Revenue to be due on the next semiannual bond and
1389 interest payment date, as required under the provisions of Chapter
1390 130, Laws of 1938, and subsequent acts authorizing the issuance of
1391 bonds payable from gasoline, diesel fuel or kerosene tax revenue
1392 on a parity with the bonds issued under authority of said Chapter
1393 130. The State Treasurer shall certify to the * * * ~~State Tax~~
1394 ~~Commission~~ Department of Revenue on or before the fifteenth day of
1395 each month the amount to be paid to the "Highway Bonds Sinking
1396 Fund" as provided by said Chapter 130, Laws of 1938, and
1397 subsequent acts authorizing the issuance of bonds payable from
1398 gasoline, diesel fuel or kerosene tax revenue, on a parity with
1399 the bonds issued under authority of said Chapter 130; and
1400 the * * * ~~State Tax Commission~~ Department of Revenue shall, on or
1401 before the twenty-fifth day of each month, pay into the State
1402 Treasury for credit to the "Highway Bonds Sinking Fund" the amount

1403 so certified to him by the State Treasurer due to be paid into
1404 such fund each month. The payments to the "Highway Bonds Sinking
1405 Fund" shall be made out of gross gasoline, diesel fuel or kerosene
1406 tax collections before deductions of any nature are considered;
1407 however, such payments shall be deducted from the allocation to
1408 the * * * ~~Transportation~~ Department of Transportation under
1409 paragraph (c) of this section.

1410 (ii) From collections derived from the portion of
1411 the gasoline excise tax that exceeds Seven Cents (7¢) per gallon,
1412 up to and including Eighteen Cents (18¢) per gallon, from the
1413 portion of the tax on aviation gas under Section 27-55-11 that
1414 exceeds Six and Four-tenths Cents (6.4¢) per gallon, from the
1415 portion of the special fuel tax levied under Sections 27-55-519
1416 and 27-55-521 * * *, ~~at Eighteen Cents (18¢) per gallon~~ that
1417 exceeds Ten Cents (10¢) per gallon, up to and including Eighteen
1418 Cents (18¢) per gallon, from the portion of the taxes levied under
1419 Section 27-55-519, at Five and Three-fourths Cents (5.75¢) per
1420 gallon that exceeds One Cent (1¢) per gallon on special fuel and
1421 Five and One-fourth Cents (5.25¢) per gallon on special fuel used
1422 as aircraft fuel, from the portion of the excise tax on compressed
1423 gas used as a motor fuel that exceeds the rate of tax in effect on
1424 June 30, 1987, and from the portion of the gasoline excise tax in
1425 excess of Seven Cents (7¢) per gallon and the diesel excise tax in
1426 excess of Ten Cents (10¢) per gallon under Section 27-61-5 there
1427 shall be deducted:

1428 1. An amount as provided in Section
1429 27-65-75(4) to the credit of a special fund designated as the
1430 "Office of State Aid Road Construction."
1431 2. An amount equal to the tax collections
1432 derived from Two Cents (2¢) per gallon of the gasoline excise tax
1433 for distribution to the State Highway Fund to be used exclusively
1434 for the construction, reconstruction and maintenance of highways
1435 of the State of Mississippi or the payment of interest and
1436 principal on bonds when specifically authorized by the Legislature
1437 for that purpose.
1438 3. The balance shall be deposited in the
1439 State Treasury to the credit of the State Highway Fund.
1440 (iii) From collections derived from the portion of
1441 the gasoline excise tax that exceeds Eighteen Cents (18¢) per
1442 gallon, and from the portion of the special fuel tax levied under
1443 Sections 27-55-519 and 27-55-521 that exceeds Eighteen Cents (18¢)
1444 per gallon, and from the portion of the gasoline excise tax and
1445 the diesel excise tax in excess of Eighteen Cents (18¢) per gallon
1446 under Section 27-61-5, there shall be deducted:
1447 1. Twenty-three and one-fourth percent
1448 (23.25%) of such amount to the credit of a special fund designated
1449 as the "Office of State Aid Road Construction."
1450 2. Two and three-fourths percent (2.75%) of
1451 such amount to the Strategic Multi-Modal Investments Fund created
1452 in Section 65-1-901.

1453 3. Seventy-four percent (74%) of such amount
1454 to the Mississippi Department of Transportation for constructing,
1455 maintaining or improving segments of highways and bridges under
1456 its jurisdiction, and for operational improvements on such
1457 segments, in accordance with a project schedule as reported in the
1458 three-year plan as adopted, amended by or reissued by the
1459 Mississippi Transportation Commission under Section 65-1-141.

1460 (b) Subject to the provisions that said basis of
1461 distribution shall in nowise affect adversely the amount
1462 specifically pledged in paragraph (a) of this section to be paid
1463 into the "Highway Bonds Sinking Fund," the following shall be
1464 deducted from the amount produced by the state tax on gasoline,
1465 diesel fuel or kerosene tax collections, excluding collections
1466 derived from the portion of the gasoline excise tax that exceeds
1467 Seven Cents (7¢) per gallon, from the portion of the tax on
1468 aviation gas under Section 27-55-11 that exceeds Six and
1469 Four-tenths Cents (6.4¢) per gallon, from the portion of the
1470 special fuel tax levied under Sections 27-55-519 and 27-55-521, at
1471 Eighteen Cents (18¢) per gallon, that exceeds Ten Cents (10¢) per
1472 gallon, from the portion of the taxes levied under Section
1473 27-55-519, at Five and Three-fourths Cents (5.75¢) that exceeds
1474 One Cent (1¢) per gallon on special fuel and Five and One-fourth
1475 Cents (5.25¢) per gallon on special fuel used as aircraft fuel,
1476 from the portion of the excise tax on compressed gas used as a
1477 motor fuel that exceeds the rate of tax in effect on June 30,
1478 1987, and from the portion of the gasoline excise tax in excess of

1479 Seven Cents (7¢) per gallon and the diesel excise tax in excess of
1480 Ten Cents (10¢) per gallon under Section 27-61-5:

1481 (i) Twenty percent (20%) of such amount which
1482 shall be earmarked and set aside for the construction,
1483 reconstruction and maintenance of the highways and roads of the
1484 state, provided that if such twenty percent (20%) should reduce
1485 any county to a lesser amount than that received in the fiscal
1486 year ending June 30, 1966, then such twenty percent (20%) shall be
1487 reduced to a percentage to provide that no county shall receive
1488 less than its portion for the fiscal year ending June 30, 1966;

1489 (ii) The amount allowed as refund on gasoline or
1490 as tax credit on diesel fuel or kerosene used for agricultural,
1491 maritime, industrial, domestic and nonhighway purposes;

1492 (iii) Five percent (5%) of such amount shall be
1493 paid to the State Highway Fund;

1494 (iv) The amount or portion thereof authorized by
1495 legislative appropriation to the Fisheries and Wildlife Fund
1496 created under Section 59-21-25;

1497 (v) The amount for deposit into the special
1498 aviation fund under paragraph (d) of this section; and

1499 (vi) The remainder shall be divided on a basis of
1500 nine-fourteenths (9/14) and five-fourteenths (5/14) (being the
1501 same basis as Four and One-half Cents (4-1/2¢) and Two and
1502 One-half Cents (2-1/2¢) is to Seven Cents (7¢) on gasoline, and
1503 six and forty-three one-hundredths (6.43) and three and
1504 fifty-seven one-hundredths (3.57) is to Ten Cents (10¢) on diesel

1505 fuel or kerosene). The amount produced by the nine-fourteenths
1506 (9/14) division shall be allocated to the * * *~~Transportation~~
1507 Department of Transportation and paid into the State Treasury as
1508 provided in this section and in Section 27-5-103 and the
1509 five-fourteenths (5/14) division shall be returned to the counties
1510 of the state on the following basis:

1511 1. In each fiscal year, each county shall be
1512 paid each month the same percentage of the monthly total to be
1513 distributed as was paid to that county during the same month in
1514 the fiscal year which ended April 9, 1960, until the county
1515 receives One Hundred Ninety Thousand Dollars (\$190,000.00) in such
1516 fiscal year, at which time funds shall be distributed under the
1517 provisions of paragraph (b)(vi)4 of this section.

1518 2. If after payments in 1 above, any county
1519 has not received a total of One Hundred Ninety Thousand Dollars
1520 (\$190,000.00) at the end of the fiscal year ending June 30, 1961,
1521 and each fiscal year thereafter, then any available funds not
1522 distributed under 1 above shall be used to bring such county or
1523 counties up to One Hundred Ninety Thousand Dollars (\$190,000.00)
1524 or such funds shall be divided equally among such counties not
1525 reaching One Hundred Ninety Thousand Dollars (\$190,000.00) if
1526 there is not sufficient money to bring all the counties to said
1527 One Hundred Ninety Thousand Dollars (\$190,000.00).

1528 3. When a county has been paid an amount
1529 equal to the total which was paid to the same county during the
1530 fiscal year ended April 9, 1960, such county shall receive no

further payments during the then current fiscal year until the last month of such current fiscal year, at which time distribution will be made under 2 above, except as set out in 4 below.

4. During the last month of the current fiscal year, should it be determined that there are funds available in excess of the amount distributed for the year under 1 and 2 above, then such excess funds shall be distributed among the various counties as follows:

One-third (1/3) of such excess to be divided equally among the counties;

One-third (1/3) of such excess to be paid to the counties in the proportion which the population of each county bears to the total population of the state according to the last federal census;

One-third (1/3) of such excess to be paid to the counties in the proportion which the number of square miles of each county bears to the total square miles in the state.

5. It is the declared purpose and intent of the Legislature that no county shall be paid less than was paid during the year ended April 9, 1960, unless the amount to be distributed to all counties in any year is less than the amount distributed to all counties during the year ended April 9, 1960.

The Municipal Aid Fund as established by Section 27-5-103 shall not participate in any portion of any funds allocated to any county hereunder over and above One Hundred Ninety Thousand Dollars (\$190,000.00).

1557 In any county having road or bridge bonds outstanding which
1558 exceed, in the aggregate, twelve percent (12%) of the assessed
1559 valuation of the taxable property of the county, it shall be the
1560 duty of the board of supervisors to set aside not less than sixty
1561 percent (60%) of such county's share of the gasoline, diesel fuel
1562 or kerosene taxes to be used in paying the principal and interest
1563 on such road or bridge bonds as they mature.

1564 In any county having such road or bridge bonds outstanding
1565 which exceed, in the aggregate, eight percent (8%) of the assessed
1566 valuation of the taxable property of the county, but which do not
1567 exceed, in the aggregate, twelve percent (12%) of the assessed
1568 valuation of the taxable property of the county, it shall be the
1569 duty of the board of supervisors to set aside not less than
1570 thirty-five percent (35%) of such county's share of the gasoline,
1571 diesel fuel or kerosene taxes to be used in paying the principal
1572 and interest of such road or bridge bonds as they mature.

1573 In any county having such road or bridge bonds outstanding
1574 which exceed, in the aggregate, five percent (5%) of the assessed
1575 valuation of the taxable property of the county, but which do not
1576 exceed, in the aggregate, eight percent (8%) of the assessed
1577 valuation of the taxable property of the county, it shall be the
1578 duty of the board of supervisors to set aside not less than twenty
1579 percent (20%) of such county's share of the gasoline, diesel fuel
1580 or kerosene taxes to be used in paying the principal and interest
1581 of such road and bridge bonds as they mature.

1582 In any county having such road or bridge bonds outstanding
1583 which do not exceed, in the aggregate, five percent (5%) of the
1584 assessed valuation of the taxable property of the county, it shall
1585 be the duty of the board of supervisors to set aside not less than
1586 ten percent (10%) of such county's share of the gasoline, diesel
1587 fuel or kerosene taxes to be used in paying the principal and
1588 interest on such road or bridge bonds as they mature.

1589 The portion of any such county's share of the gasoline,
1590 diesel fuel or kerosene taxes thus set aside for the payment of
1591 the principal and interest of road or bridge bonds, as provided
1592 for in this section, shall be used in paying the currently
1593 maturing installments of the principal and interest of such road
1594 or bridge bonds, if there be any such road or bridge bonds
1595 outstanding.

1596 The remaining portion of such county's share of the gasoline,
1597 diesel fuel or kerosene taxes, after setting aside the portion
1598 above provided for the payment of the principal and interest of
1599 bonds, shall be used in the construction and maintenance of any
1600 public highways, bridges or culverts of the county, in the
1601 discretion of the board of supervisors.

1602 In any county having no road or bridge bonds outstanding, all
1603 such county's share of the gasoline, diesel fuel or kerosene taxes
1604 shall be used in the construction, reconstruction and maintenance
1605 of the public highways, bridges or culverts of the county, as the
1606 board of supervisors may determine.

1607 In every county in which there are county road bonds or
1608 seawall or road protection bonds outstanding which were issued for
1609 the purpose of building bridges or constructing public roads or
1610 seawalls, such funds shall be used in the manner provided by law.

1611 (c) From the amount produced by the nine-fourteenths
1612 (9/14) division allocated to the * * *~~Transportation~~ Department
1613 of Transportation, there shall be deducted:

1614 (i) The amount paid to the State Treasurer for the
1615 "Highway Bonds Sinking Fund" under paragraph (a) of this section;

1616 (ii) Any amounts due counties in accordance with
1617 Section 65-33-45 which have outstanding bonds issued for seawall
1618 or road protection purposes, issued under provisions of Chapter
1619 319, Laws of 1924, and amendments thereto; and

1620 (iii) Except as otherwise provided in Section
1621 31-17-127, the remainder shall be paid by the * * *~~State Tax~~
1622 ~~Commission~~ Department of Revenue to the State Treasurer on the
1623 fifteenth day of each month next succeeding the month in which the
1624 gasoline, diesel fuel or kerosene taxes were collected to the
1625 credit of the State Highway Fund.

1626 The funds allocated for the construction, reconstruction and
1627 improvement of state highways, bridges and culverts, or so much
1628 thereof as may be necessary, shall first be used in conjunction
1629 with funds supplied by the federal government for such purposes
1630 and allocated to the * * *~~Transportation~~ Department of
1631 Transportation to be expended on the state highway system. It is
1632 specifically provided hereby that the necessary portion of such

1633 funds hereinabove allocated to the * * * ~~Transportation~~ Department
1634 of Transportation may be used for the prompt payment of principal
1635 and interest on highway bonds heretofore issued, including such
1636 bonds issued or to be issued under the provisions of Chapter 312,
1637 Laws of 1956, and amendments thereto.

1638 Nothing contained in this section shall be construed to
1639 reduce the amount of such gasoline, diesel fuel or kerosene excise
1640 taxes levied by the state, allotted under the provisions of Title
1641 65, Chapter 33, Mississippi Code of 1972, to counties in which
1642 there are outstanding bonds issued for seawall or road protection
1643 purposes issued under the provisions of Chapter 319, Laws of 1924,
1644 and amendments thereto; the amount of said gasoline, diesel fuel
1645 or kerosene excise taxes designated in this section for the
1646 payment of bonds and interest authorized and issued or to be
1647 issued under the provisions of Chapter 130, Laws of 1938, and
1648 subsequent acts authorizing the issuance of bonds payable from
1649 gasoline, diesel fuel or kerosene tax revenue, shall, in such
1650 counties, be considered as being paid "into the State Treasury to
1651 the credit of the State Highway Fund" within the meaning of
1652 Section 65-33-45 in computing the amount to be paid to such
1653 counties under the provisions of said section, and this section
1654 shall be administered in connection with Title 65, Chapter 33,
1655 Mississippi Code of 1972, and Sections 65-33-45, 65-33-47 and
1656 65-33-49 dealing with seawalls, as if made a part of this section.

1657 (d) The proceeds of the Five and One-fourth Cents
1658 (5.25¢) of the tax per gallon on oils used as a propellant for jet

1659 aircraft engines, and Six and Four-tenths Cents (6.4¢) of the tax
1660 per gallon on aviation gasoline and the tax of One Cent (1¢) per
1661 gallon for each gallon of gasoline for which a refund has been
1662 made pursuant to Section 27-55-23 because such gasoline was used
1663 for aviation purposes, shall be paid to the State Treasury into a
1664 special fund to be used exclusively, pursuant to legislative
1665 appropriation, for the support and development of aeronautics as
1666 defined in Section 61-1-3.

1667 (e) State highway funds in an amount equal to the
1668 difference between Forty-two Million Dollars (\$42,000,000.00) and
1669 the annual debt service payable on the state's highway revenue
1670 refunding bonds, Series 1985, shall be expended for the
1671 construction or reconstruction of highways designated under the
1672 highway program created under Section 65-3-97.

1673 (f) "Gasoline, diesel fuel or kerosene taxes" as used
1674 in this section shall be deemed to mean and include state
1675 gasoline, diesel fuel or kerosene taxes levied and imposed on
1676 distributors of gasoline, diesel fuel or kerosene, and all state
1677 excise taxes derived from any fuel used to propel vehicles upon
1678 the highways of this state, when levied by any statute.

1679 **SECTION 12.** Section 27-65-75, Mississippi Code of 1972, is
1680 amended as follows:

1681 27-65-75. On or before the fifteenth day of each month, the
1682 revenue collected under the provisions of this chapter during the
1683 preceding month shall be paid and distributed as follows:

(1) (a) On or before August 15, 1992, and each succeeding month thereafter through July 15, 1993, eighteen percent (18%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on business activities within a municipal corporation shall be allocated for distribution to the municipality and paid to the municipal corporation. Except as otherwise provided in this paragraph (a), on or before August 15, 1993, and each succeeding month thereafter through August 15, 2025, eighteen and one-half percent (18-1/2%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Sections 27-65-15, 27-65-19(3), 27-65-21 and 27-65-24, on business activities within a municipal corporation shall be allocated for distribution to the municipality and paid to the municipal corporation. Except as otherwise provided in this paragraph (a), on or before September 15, 2025, and each succeeding month thereafter, eighteen and one-half percent (18.5%) of the total sales tax revenue collected during the preceding month under this chapter, except that collected under Sections 27-65-15, 27-65-17(1)(n), 27-65-19(3), 27-65-21 and 27-65-24, on business activities within a municipal corporation shall be allocated for distribution and paid to the municipal corporation. On or before September 15, 2025, and each succeeding month thereafter, twenty-five and nine-tenths percent (25.9%) of the total sales tax revenue collected during the

1710 preceding month under Section 27-65-17(1)(n) on business
1711 activities within a municipal corporation shall be allocated for
1712 distribution and paid to the municipal corporation. However, in
1713 the event the State Auditor issues a certificate of noncompliance
1714 pursuant to Section 21-35-31, the department * * * ~~of Revenue~~
1715 shall withhold ten percent (10%) of the allocations and payments
1716 to the municipality that would otherwise be payable to the
1717 municipality under this paragraph (a) until such time that the
1718 department receives written notice of the cancellation of a
1719 certificate of noncompliance from the State Auditor.

1720 A municipal corporation, for the purpose of distributing the
1721 tax under this subsection, shall mean and include all incorporated
1722 cities, towns and villages.

1723 Monies allocated for distribution and credited to a municipal
1724 corporation under this paragraph may be pledged as security for a
1725 loan if the distribution received by the municipal corporation is
1726 otherwise authorized or required by law to be pledged as security
1727 for such a loan.

1728 In any county having a county seat that is not an
1729 incorporated municipality, the distribution provided under this
1730 subsection shall be made as though the county seat was an
1731 incorporated municipality; however, the distribution to the
1732 municipality shall be paid to the county treasury in which the
1733 municipality is located, and those funds shall be used for road,
1734 bridge and street construction or maintenance in the county.

(b) On or before August 15, 2006, and each succeeding month thereafter through August 15, 2025, eighteen and one-half percent (18-1/2%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on business activities on the campus of a state institution of higher learning or community or junior college whose campus is not located within the corporate limits of a municipality, shall be allocated for distribution to the state institution of higher learning or community or junior college and paid to the state institution of higher learning or community or junior college. On or before September 15, 2025, and each succeeding month thereafter, eighteen and one-half percent (18.5%) of the total sales tax revenue collected during the preceding month under this chapter, except that collected under Sections 27-65-15, 27-65-17(1)(n), 27-65-19(3) and 27-65-21, on business activities on the campus of a state institution of higher learning or community or junior college whose campus is not located within the corporate limits of a municipality, shall be allocated for distribution and paid to the state institution of higher learning or community or junior college. On or before September 15, 2025, and each succeeding month thereafter, twenty-five and nine-tenths percent (25.9%) of the total sales tax revenue collected during the preceding month under Section 27-65-17(1)(n) on business activities on the campus of a state institution of higher learning or community or junior college whose campus is not located within

1761 the corporate limits of a municipality, shall be allocated for
1762 distribution and paid to the state institution of higher learning
1763 or community or junior college.

1764 (c) On or before August 15, 2018, and each succeeding
1765 month thereafter until August 14, 2019, two percent (2%) of the
1766 total sales tax revenue collected during the preceding month under
1767 the provisions of this chapter, except that collected under the
1768 provisions of Sections 27-65-15, 27-65-19(3), 27-65-21 and
1769 27-65-24, on business activities within the corporate limits of
1770 the City of Jackson, Mississippi, shall be deposited into the
1771 Capitol Complex Improvement District Project Fund created in
1772 Section 29-5-215. On or before August 15, 2019, and each
1773 succeeding month thereafter until August 14, 2020, four percent
1774 (4%) of the total sales tax revenue collected during the preceding
1775 month under the provisions of this chapter, except that collected
1776 under the provisions of Sections 27-65-15, 27-65-19(3), 27-65-21
1777 and 27-65-24, on business activities within the corporate limits
1778 of the City of Jackson, Mississippi, shall be deposited into the
1779 Capitol Complex Improvement District Project Fund created in
1780 Section 29-5-215. On or before August 15, 2020, and each
1781 succeeding month thereafter through July 15, 2023, six percent
1782 (6%) of the total sales tax revenue collected during the preceding
1783 month under the provisions of this chapter, except that collected
1784 under the provisions of Sections 27-65-15, 27-65-19(3), 27-65-21
1785 and 27-65-24, on business activities within the corporate limits
1786 of the City of Jackson, Mississippi, shall be deposited into the

1787 Capitol Complex Improvement District Project Fund created in
1788 Section 29-5-215. On or before August 15, 2023, and each
1789 succeeding month thereafter through August 15, 2025, nine percent
1790 (9%) of the total sales tax revenue collected during the preceding
1791 month under the provisions of this chapter, except that collected
1792 under the provisions of Sections 27-65-15, 27-65-19(3), 27-65-21
1793 and 27-65-24, on business activities within the corporate limits
1794 of the City of Jackson, Mississippi, shall be deposited into the
1795 Capitol Complex Improvement District Project Fund created in
1796 Section 29-5-215. On or before September 15, 2025, and each
1797 succeeding month thereafter, nine percent (9%) of the total sales
1798 tax revenue collected during the preceding month under this
1799 chapter, except that collected under Sections 27-65-15,
1800 27-65-17(1) (n), 27-65-19(3), 27-65-21 and 27-65-24, on business
1801 activities within the corporate limits of the City of Jackson,
1802 Mississippi, shall be deposited into the Capitol Complex
1803 Improvement District Project Fund created in Section 27-5-215. On
1804 or before September 15, 2025, and each succeeding month
1805 thereafter, twelve and six-tenths percent (12.6%) of the total
1806 sales tax revenue collected during the preceding month under
1807 Section 27-65-17(1) (n) on business activities within the corporate
1808 limits of the City of Jackson, Mississippi, shall be deposited
1809 into the Capitol Complex Improvement District Project Fund created
1810 in Section 27-5-215.

1811 (d) (i) Except as otherwise provided in this paragraph
1812 (d), on or before the fifteenth day of the month that the

1813 diversion authorized by this section begins, and each succeeding
1814 month thereafter, eighteen and one-half percent (18-1/2%) of the
1815 total sales tax revenue collected during the preceding month under
1816 the provisions of this chapter, except that collected under the
1817 provisions of Sections 27-65-15, 27-65-19(3) and 27-65-21, on
1818 business activities within a redevelopment project area developed
1819 under a redevelopment plan adopted under the Tax Increment
1820 Financing Act (Section 21-45-1 et seq.) shall be allocated for
1821 distribution to the county in which the project area is located
1822 if:

1823 1. The county:

1824 a. Borders on the Mississippi Sound and
1825 the State of Alabama, or

1826 b. Is Harrison County, Mississippi, and
1827 the project area is within a radius of two (2) miles from the
1828 intersection of Interstate 10 and Menge Avenue;

1829 2. The county has issued bonds under Section
1830 21-45-9 to finance all or a portion of a redevelopment project in
1831 the redevelopment project area;

1832 3. Any debt service for the indebtedness
1833 incurred is outstanding; and

1834 4. A development with a value of Ten Million
1835 Dollars (\$10,000,000.00) or more is, or will be, located in the
1836 redevelopment area.

1837 (ii) For a county that is eligible to receive
1838 funds under this paragraph (d), as determined by the department

under this paragraph (d), from and after September 15, 2025, and each succeeding month thereafter, eighteen and one-half percent (18.5%) of the total sales tax revenue collected during the preceding month under this chapter, except that collected under Sections 27-65-15, 27-65-17(1)(n), 27-65-19(3) and 27-65-21, on business activities within a redevelopment project area developed under a redevelopment plan adopted under the Tax Increment Financing Act (Section 21-45-1 et seq.) shall be allocated for distribution to the county in which the project is located, and twenty-five and nine-tenths percent (25.9%) of the total sales tax revenue collected during the preceding month under Section 27-65-17(1)(n) shall be allocated for distribution to that county.

(* * * ~~iiiii~~) Before any sales tax revenue may be allocated for distribution to a county under this paragraph (d), the county shall certify to the Department of Revenue that the requirements of this paragraph (d) have been met, the amount of bonded indebtedness that has been incurred by the county for the redevelopment project and the expected date the indebtedness incurred by the county will be satisfied.

(* * * ~~iiiii~~v) The diversion of sales tax revenue authorized by this paragraph (d) shall begin the month following the month in which the Department of Revenue determines that the requirements of this paragraph (d) have been met. The diversion shall end the month the indebtedness incurred by the county is satisfied. All revenue received by the county under this paragraph (d) shall be deposited in the fund required to be

1865 created in the tax increment financing plan under Section 21-45-11
1866 and be utilized solely to satisfy the indebtedness incurred by the
1867 county.

1868 (2) On or before September 15, 1987, and each succeeding
1869 month thereafter, from the revenue collected under this chapter
1870 during the preceding month, One Million One Hundred Twenty-five
1871 Thousand Dollars (\$1,125,000.00) shall be allocated for
1872 distribution to municipal corporations as defined under subsection
1873 (1) of this section in the proportion that the number of gallons
1874 of gasoline and diesel fuel sold by distributors to consumers and
1875 retailers in each such municipality during the preceding fiscal
1876 year bears to the total gallons of gasoline and diesel fuel sold
1877 by distributors to consumers and retailers in municipalities
1878 statewide during the preceding fiscal year. The Department of
1879 Revenue shall require all distributors of gasoline and diesel fuel
1880 to report to the department monthly the total number of gallons of
1881 gasoline and diesel fuel sold by them to consumers and retailers
1882 in each municipality during the preceding month. The Department
1883 of Revenue shall have the authority to promulgate such rules and
1884 regulations as is necessary to determine the number of gallons of
1885 gasoline and diesel fuel sold by distributors to consumers and
1886 retailers in each municipality. In determining the percentage
1887 allocation of funds under this subsection for the fiscal year
1888 beginning July 1, 1987, and ending June 30, 1988, the Department
1889 of Revenue may consider gallons of gasoline and diesel fuel sold
1890 for a period of less than one (1) fiscal year. For the purposes

of this subsection, the term "fiscal year" means the fiscal year beginning July 1 of a year.

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

(4) On or before August 15, 1994, and on or before the fifteenth day of each succeeding month through July 15, 1999, from the proceeds of gasoline, diesel fuel or kerosene taxes as provided in Section 27-5-101(a)(ii)1, Four Million Dollars (\$4,000,000.00) shall be deposited in the State Treasury to the credit of a special fund designated as the "State Aid Road Fund," created by Section 65-9-17. On or before August 15, 1999, and on or before the fifteenth day of each succeeding month through August 15, 2026, from the total amount of the proceeds of gasoline, diesel fuel or kerosene taxes apportioned by Section 27-5-101(a)(ii)1, Four Million Dollars (\$4,000,000.00) or an amount equal to twenty-three and one-fourth percent (23-1/4%) of

those funds, whichever is the greater amount, shall be deposited in the State Treasury to the credit of the "State Aid Road Fund," created by Section 65-9-17. * * * ~~Those funds shall be pledged to pay the principal of and interest on state aid road bonds heretofore issued under Sections 19-9-51 through 19-9-77, in lieu of and in substitution for the funds previously allocated to counties under this section. Those funds may not be pledged for the payment of any state aid road bonds issued after April 1, 1981; however, this prohibition against the pledging of any such funds for the payment of bonds shall not apply to any bonds for which intent to issue those bonds has been published for the first time, as provided by law before March 29, 1981. After August 15, 2025, from the total amount of the proceeds of gasoline, diesel fuel or kerosene taxes apportioned by Section 27-5-101(a)(ii)1 and (iii), Five Million Dollars (\$5,000,000.00) or an amount equal to twenty-three and one-fourth percent (23-1/4%) of those funds, whichever is greater, shall be deposited in the State Treasury to the credit of the "State Aid Road Fund" on or before September 15, 2025, and on or before the fifteenth day of each succeeding month through August 15, 2026, and Six Million Five Hundred Thousand Dollars (\$6,500,000.00) or an amount equal to twenty-three and one-fourth percent (23-1/4%) of those funds, whichever is greater, shall be deposited in the State Treasury to the credit of the "State Aid Road Fund" on or before September 15, 2026, and on or before the fifteenth day of each succeeding month through August 15, 2027, and Eight Million Dollars (\$8,000,000.00) or an amount~~

1943 equal to twenty-three and one-fourth percent (23-1/4%) of those
1944 funds, whichever is greater, shall be deposited in the State
1945 Treasury to the credit of the "State Aid Road Fund" on or before
1946 September 15, 2027, and on or before the fifteenth day of each
1947 succeeding month. From the amount of taxes paid into the special
1948 fund under this subsection and subsection (9) of this section,
1949 there shall be first deducted and paid the amount necessary to pay
1950 the expenses of the Office of State Aid Road Construction, as
1951 authorized by the Legislature for all other general and special
1952 fund agencies. The remainder of the funds shall be allocated
1953 monthly to the several counties in accordance with the following
1954 formula:

1955 (a) One-third (1/3) shall be allocated to all counties
1956 in equal shares;

1957 (b) One-third (1/3) shall be allocated to counties
1958 based on the proportion that the total number of rural road miles
1959 in a county bears to the total number of rural road miles in all
1960 counties of the state; and

1961 (c) One-third (1/3) shall be allocated to counties
1962 based on the proportion that the rural population of the county
1963 bears to the total rural population in all counties of the state,
1964 according to the latest federal decennial census.

1965 For the purposes of this subsection, the term "gasoline,
1966 diesel fuel or kerosene taxes" means such taxes as defined in
1967 paragraph (f) of Section 27-5-101.

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

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

(5) On or before August 15, 2024, and each succeeding month thereafter, One Million Six Hundred Sixty-six Thousand Six Hundred Sixty-six Dollars (\$1,666,666.00) shall be paid into the special fund known as the Education Enhancement Fund created and existing under the provisions of Section 37-61-33.

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

(7) On or before August 15, 1992, and each succeeding month thereafter through July 15, 2000, two and two hundred sixty-six one-thousandths percent (2.266%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Section 27-65-17(2), shall be deposited by the department into the School Ad Valorem Tax Reduction Fund created under Section 37-61-35. On or before August 15, 2000, and each succeeding month thereafter through August 15, 2025, two and two hundred sixty-six

one-thousandths percent (2.266%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Section 27-65-17(2), shall be deposited into the School Ad Valorem Tax Reduction Fund created under Section 37-61-35 until such time that the total amount deposited into the fund during a fiscal year equals Forty-two Million Dollars (\$42,000,000.00). Thereafter, the amounts diverted under this subsection (7) during the fiscal year in excess of Forty-two Million Dollars (\$42,000,000.00) shall be deposited into the Education Enhancement Fund created under Section 37-61-33 for appropriation by the Legislature as other education needs and shall not be subject to the percentage appropriation requirements set forth in Section 37-61-33. On or before September 15, 2025, and each succeeding month thereafter, two and two hundred sixty-six one-thousandths percent (2.266%) of the total sales tax revenue collected during the preceding month under this chapter, except that collected under Section 27-65-17(1)(n) and (2), and three and seventeen one-hundredths percent (3.17%) of the total sales tax revenue collected during the preceding month under Section 27-65-17(1)(n), shall be deposited into the School Ad Valorem Tax Reduction Fund created under Section 37-61-35 until such time that the total amount deposited into the fund during a fiscal year equals Forty-two Million Dollars (\$42,000,000.00). Thereafter, the amounts diverted under this subsection (7) during the fiscal year in excess of Forty-two Million Dollars (\$42,000,000.00) shall be

deposited into the Education Enhancement Fund created under
Section 37-61-33 for appropriation by the Legislature as other
education needs and shall not be subject to the percentage
appropriation requirements set forth in Section 37-61-33.

(8) On or before August 15, 1992, and each succeeding month thereafter through August 15, 2025, nine and seventy-three one-thousandths percent (9.073%) of the total sales tax revenue collected during the preceding month under the provisions of this chapter, except that collected under the provisions of Section 27-65-17(2), shall be deposited into the Education Enhancement Fund created under Section 37-61-33. On or before September 15, 2025, and each succeeding month thereafter, nine and seventy-three one-thousandths percent (9.073%) of the total sales tax revenue collected during the preceding month this chapter, except that collected under Section 27-65-17(1) (n) and (2), and twelve and seven-tenths percent (12.7%) of the total sales tax revenue collected during the preceding month under Section 27-65-17(1) (n), shall be deposited into the Education Enhancement Fund created under Section 37-61-33.

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

(10) On or before August 15, 1994, and each succeeding month thereafter through August 15, 1995, from the revenue collected under this chapter during the preceding month, Two Million Dollars

(\$2,000,000.00) shall be deposited into the Motor Vehicle Ad Valorem Tax Reduction Fund established in Section 27-51-105.

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

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

(13) On or before July 15, 1994, and on or before the fifteenth day of each succeeding month thereafter, that portion of the avails of the tax imposed in Section 27-65-22 that is derived from activities held on the Mississippi State Fairgrounds Complex shall be paid into a special fund that is created in the State Treasury and shall be expended upon legislative appropriation

solely to defray the costs of repairs and renovation at the Trade Mart and Coliseum.

(14) On or before August 15, 1998, and each succeeding month thereafter through July 15, 2005, that portion of the avails of the tax imposed in Section 27-65-23 that is derived from sales by cotton compresses or cotton warehouses and that would otherwise be paid into the General Fund shall be deposited in an amount not to exceed Two Million Dollars (\$2,000,000.00) into the special fund created under Section 69-37-39. On or before August 15, 2007, and each succeeding month thereafter through July 15, 2010, that portion of the avails of the tax imposed in Section 27-65-23 that is derived from sales by cotton compresses or cotton warehouses and that would otherwise be paid into the General Fund shall be deposited in an amount not to exceed Two Million Dollars (\$2,000,000.00) into the special fund created under Section 69-37-39 until all debts or other obligations incurred by the Certified Cotton Growers Organization under the Mississippi Boll Weevil Management Act before January 1, 2007, are satisfied in full. On or before August 15, 2010, and each succeeding month thereafter through July 15, 2011, fifty percent (50%) of that portion of the avails of the tax imposed in Section 27-65-23 that is derived from sales by cotton compresses or cotton warehouses and that would otherwise be paid into the General Fund shall be deposited into the special fund created under Section 69-37-39 until such time that the total amount deposited into the fund during a fiscal year equals One Million Dollars (\$1,000,000.00).

2098 On or before August 15, 2011, and each succeeding month
2099 thereafter, that portion of the avails of the tax imposed in
2100 Section 27-65-23 that is derived from sales by cotton compresses
2101 or cotton warehouses and that would otherwise be paid into the
2102 General Fund shall be deposited into the special fund created
2103 under Section 69-37-39 until such time that the total amount
2104 deposited into the fund during a fiscal year equals One Million
2105 Dollars (\$1,000,000.00).

2106 (15) Notwithstanding any other provision of this section to
2107 the contrary, on or before September 15, 2000, and each succeeding
2108 month thereafter, the sales tax revenue collected during the
2109 preceding month under the provisions of Section
2110 27-65-19(1)(d)(i)2, and 27-65-19(1)(d)(i)3 shall be deposited,
2111 without diversion, into the Telecommunications Ad Valorem Tax
2112 Reduction Fund established in Section 27-38-7.

2113 (16) (a) On or before August 15, 2000, and each succeeding
2114 month thereafter, the sales tax revenue collected during the
2115 preceding month under the provisions of this chapter on the gross
2116 proceeds of sales of a project as defined in Section 57-30-1 shall
2117 be deposited, after all diversions except the diversion provided
2118 for in subsection (1) of this section, into the Sales Tax
2119 Incentive Fund created in Section 57-30-3.

2120 (b) On or before August 15, 2007, and each succeeding
2121 month thereafter, eighty percent (80%) of the sales tax revenue
2122 collected during the preceding month under the provisions of this
2123 chapter from the operation of a tourism project under the

2124 provisions of Sections 57-26-1 through 57-26-5, shall be
2125 deposited, after the diversions required in subsections (7) and
2126 (8) of this section, into the Tourism Project Sales Tax Incentive
2127 Fund created in Section 57-26-3.

2128 (17) Notwithstanding any other provision of this section to
2129 the contrary, on or before April 15, 2002, and each succeeding
2130 month thereafter, the sales tax revenue collected during the
2131 preceding month under Section 27-65-23 on sales of parking
2132 services of parking garages and lots at airports shall be
2133 deposited, without diversion, into the special fund created under
2134 Section 27-5-101(d).

2135 (18) [Repealed]

2136 (19) (a) On or before August 15, 2005, and each succeeding
2137 month thereafter, the sales tax revenue collected during the
2138 preceding month under the provisions of this chapter on the gross
2139 proceeds of sales of a business enterprise located within a
2140 redevelopment project area under the provisions of Sections
2141 57-91-1 through 57-91-11, and the revenue collected on the gross
2142 proceeds of sales from sales made to a business enterprise located
2143 in a redevelopment project area under the provisions of Sections
2144 57-91-1 through 57-91-11 (provided that such sales made to a
2145 business enterprise are made on the premises of the business
2146 enterprise), shall, except as otherwise provided in this
2147 subsection (19), be deposited, after all diversions, into the
2148 Redevelopment Project Incentive Fund as created in Section
2149 57-91-9.

2150 (b) For a municipality participating in the Economic
2151 Redevelopment Act created in Sections 57-91-1 through 57-91-11,
2152 the diversion provided for in subsection (1) of this section
2153 attributable to the gross proceeds of sales of a business
2154 enterprise located within a redevelopment project area under the
2155 provisions of Sections 57-91-1 through 57-91-11, and attributable
2156 to the gross proceeds of sales from sales made to a business
2157 enterprise located in a redevelopment project area under the
2158 provisions of Sections 57-91-1 through 57-91-11 (provided that
2159 such sales made to a business enterprise are made on the premises
2160 of the business enterprise), shall be deposited into the
2161 Redevelopment Project Incentive Fund as created in Section
2162 57-91-9, as follows:

2163 (i) For the first six (6) years in which payments
2164 are made to a developer from the Redevelopment Project Incentive
2165 Fund, one hundred percent (100%) of the diversion shall be
2166 deposited into the fund;

2167 (ii) For the seventh year in which such payments
2168 are made to a developer from the Redevelopment Project Incentive
2169 Fund, eighty percent (80%) of the diversion shall be deposited
2170 into the fund;

2171 (iii) For the eighth year in which such payments
2172 are made to a developer from the Redevelopment Project Incentive
2173 Fund, seventy percent (70%) of the diversion shall be deposited
2174 into the fund;

2175 (iv) For the ninth year in which such payments are
2176 made to a developer from the Redevelopment Project Incentive Fund,
2177 sixty percent (60%) of the diversion shall be deposited into the
2178 fund; and

2179 (v) For the tenth year in which such payments are
2180 made to a developer from the Redevelopment Project Incentive Fund,
2181 fifty percent (50%) of the funds shall be deposited into the fund.

2182 (20) On or before January 15, 2007, and each succeeding
2183 month thereafter, eighty percent (80%) of the sales tax revenue
2184 collected during the preceding month under the provisions of this
2185 chapter from the operation of a tourism project under the
2186 provisions of Sections 57-28-1 through 57-28-5 shall be deposited,
2187 after the diversions required in subsections (7) and (8) of this
2188 section, into the Tourism Sales Tax Incentive Fund created in
2189 Section 57-28-3.

2190 (21) (a) On or before April 15, 2007, and each succeeding
2191 month thereafter through June 15, 2013, One Hundred Fifty Thousand
2192 Dollars (\$150,000.00) of the sales tax revenue collected during
2193 the preceding month under the provisions of this chapter shall be
2194 deposited into the MMEIA Tax Incentive Fund created in Section
2195 57-101-3.

2196 (b) On or before July 15, 2013, and each succeeding
2197 month thereafter, One Hundred Fifty Thousand Dollars (\$150,000.00)
2198 of the sales tax revenue collected during the preceding month
2199 under the provisions of this chapter shall be deposited into the

2200 Mississippi Development Authority Job Training Grant Fund created
2201 in Section 57-1-451.

2202 (22) On or before June 1, 2024, and each succeeding month
2203 thereafter until December 31, 2057, an amount determined annually
2204 by the Mississippi Development Authority of the sales tax revenue
2205 collected during the preceding month under the provisions of this
2206 chapter shall be deposited into the MMEIA Tax Incentive Fund
2207 created in Section 57-125-3. This amount shall be based on
2208 estimated payments due within the upcoming year to construction
2209 contractors pursuant to construction contracts subject to the tax
2210 imposed by Section 27-65-21 for construction to be performed on
2211 the project site of a project defined under Section
2212 57-75-5(f)(xxxiii) for the coming year.

2213 (23) Notwithstanding any other provision of this section to
2214 the contrary, on or before August 15, 2009, and each succeeding
2215 month thereafter, the sales tax revenue collected during the
2216 preceding month under the provisions of Section 27-65-201 shall be
2217 deposited, without diversion, into the Motor Vehicle Ad Valorem
2218 Tax Reduction Fund established in Section 27-51-105.

2219 (24) (a) On or before August 15, 2019, and each month
2220 thereafter through July 15, 2020, one percent (1%) of the total
2221 sales tax revenue collected during the preceding month from
2222 restaurants and hotels shall be allocated for distribution to the
2223 Mississippi Development Authority Tourism Advertising Fund
2224 established under Section 57-1-64, to be used exclusively for the
2225 purpose stated therein. On or before August 15, 2020, and each

month thereafter through July 15, 2021, two percent (2%) of the total sales tax revenue collected during the preceding month from restaurants and hotels shall be allocated for distribution to the Mississippi Development Authority Tourism Advertising Fund established under Section 57-1-64, to be used exclusively for the purpose stated therein. On or before August 15, 2021, and each month thereafter, three percent (3%) of the total sales tax revenue collected during the preceding month from restaurants and hotels shall be allocated for distribution to the Mississippi Development Authority Tourism Advertising Fund established under Section 57-1-64, to be used exclusively for the purpose stated therein. The revenue diverted pursuant to this subsection shall not be available for expenditure until February 1, 2020.

(b) The Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER) must provide an annual report to the Legislature indicating the amount of funds deposited into the Mississippi Development Authority Tourism Advertising Fund established under Section 57-1-64, and a detailed record of how the funds are spent.

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

(26) (a) It shall be the duty of the municipal officials of any municipality that expands its limits, or of any community that incorporates as a municipality, to notify the commissioner of that action thirty (30) days before the effective date. Failure to so

2252 notify the commissioner shall cause the municipality to forfeit
2253 the revenue that it would have been entitled to receive during
2254 this period of time when the commissioner had no knowledge of the
2255 action.

2256 (b) (i) Except as otherwise provided in subparagraph
2257 (ii) of this paragraph, if any funds have been erroneously
2258 disbursed to any municipality or any overpayment of tax is
2259 recovered by the taxpayer, the commissioner may make correction
2260 and adjust the error or overpayment with the municipality by
2261 withholding the necessary funds from any later payment to be made
2262 to the municipality.

2263 (ii) Subject to the provisions of Sections
2264 27-65-51 and 27-65-53, if any funds have been erroneously
2265 disbursed to a municipality under subsection (1) of this section
2266 for a period of three (3) years or more, the maximum amount that
2267 may be recovered or withheld from the municipality is the total
2268 amount of funds erroneously disbursed for a period of three (3)
2269 years beginning with the date of the first erroneous disbursement.
2270 However, if during such period, a municipality provides written
2271 notice to the Department of Revenue indicating the erroneous
2272 disbursement of funds, then the maximum amount that may be
2273 recovered or withheld from the municipality is the total amount of
2274 funds erroneously disbursed for a period of one (1) year beginning
2275 with the date of the first erroneous disbursement.

2276 **SECTION 13.** Section 27-67-31, Mississippi Code of 1972, is
2277 amended as follows:

2278 27-67-31. All administrative provisions of the sales tax
2279 law, and amendments thereto, including those which fix damages,
2280 penalties and interest for failure to comply with the provisions
2281 of said sales tax law, and all other requirements and duties
2282 imposed upon taxpayer, shall apply to all persons liable for use
2283 taxes under the provisions of this article. The commissioner
2284 shall exercise all power and authority and perform all duties with
2285 respect to taxpayers under this article as are provided in said
2286 sales tax law, except where there is conflict, then the provisions
2287 of this article shall control.

2288 The commissioner may require transportation companies to
2289 permit the examination of waybills, freight bills, or other
2290 documents covering shipments of tangible personal property into
2291 this state.

2292 On or before the fifteenth day of each month, the amount
2293 received from taxes, damages and interest under the provisions of
2294 this article during the preceding month shall be paid and
2295 distributed as follows:

2296 (a) On or before July 15, 1994, through July 15, 2000,
2297 and each succeeding month thereafter, two and two hundred
2298 sixty-six one-thousandths percent (2.266%) of the total use tax
2299 revenue collected during the preceding month under the provisions
2300 of this article shall be deposited in the School Ad Valorem Tax
2301 Reduction Fund created pursuant to Section 37-61-35. On or before
2302 August 15, 2000, and each succeeding month thereafter, two and two
2303 hundred sixty-six one-thousandths percent (2.266%) of the total

2304 use tax revenue collected during the preceding month under the
2305 provisions of this chapter shall be deposited into the School Ad
2306 Valorem Tax Reduction Fund created under Section 37-61-35 until
2307 such time that the total amount deposited into the fund during a
2308 fiscal year equals Four Million Dollars (\$4,000,000.00).
2309 Thereafter, the amounts diverted under this paragraph (a) during
2310 the fiscal year in excess of Four Million Dollars (\$4,000,000.00)
2311 shall be deposited into the Education Enhancement Fund created
2312 under Section 37-61-33 for appropriation by the Legislature as
2313 other education needs and shall not be subject to the percentage
2314 appropriation requirements set forth in Section 37-61-33.

2315 (b) On or before July 15, 1994, and each succeeding
2316 month thereafter, nine and seventy-three one-thousandths percent
2317 (9.073%) of the total use tax revenue collected during the
2318 preceding month under the provisions of this article shall be
2319 deposited into the Education Enhancement Fund created pursuant to
2320 Section 37-61-33.

2321 (c) On or before July 15, 1997, and on or before the
2322 fifteenth day of each succeeding month thereafter, the revenue
2323 collected under the provisions of this article imposed and levied
2324 as a result of Section 27-65-17(2) and the corresponding levy in
2325 Section 27-65-23 on the rental or lease of private carriers of
2326 passengers and light carriers of property as defined in Section
2327 27-51-101 shall be deposited into the Motor Vehicle Ad Valorem Tax
2328 Reduction Fund created pursuant to Section 27-51-105.

2329 (d) On or before July 15, 1997, and on or before the
2330 fifteenth day of each succeeding month thereafter and after the
2331 deposits required by paragraphs (a) and (b) of this section are
2332 made, the remaining revenue collected under the provisions of this
2333 article imposed and levied as a result of Section 27-65-17(1) and
2334 the corresponding levy in Section 27-65-23 on the rental or lease
2335 of private carriers of passengers and light carriers of property
2336 as defined in Section 27-51-101 shall be deposited into the Motor
2337 Vehicle Ad Valorem Tax Reduction Fund created pursuant to Section
2338 27-51-105.

2339 (e) On or before August 15, 2019, and each succeeding
2340 month thereafter through July 15, 2020, three and three-fourths
2341 percent (3-3/4%) of the total use tax revenue collected during the
2342 preceding month under the provisions of this article shall be
2343 deposited into the special fund created in Section 27-67-35(1).
2344 On or before August 15, 2020, and each succeeding month thereafter
2345 through July 15, 2021, seven and one-half percent (7-1/2%) of the
2346 total use tax revenue collected during the preceding month under
2347 the provisions of this article shall be deposited into the special
2348 fund created in Section 27-67-35(1). On or before August 15,
2349 2021, and each succeeding month thereafter through July 15, 2022,
2350 eleven and one-fourth percent (11-1/4%) of the total use tax
2351 revenue collected during the preceding month under the provisions
2352 of this article shall be deposited into the special fund created
2353 in Section 27-67-35(1). On or before August 15, 2022, and each
2354 succeeding month thereafter through August 15, 2025, fifteen

percent (15%) of the total use tax revenue collected during the preceding month under the provisions of this article shall be deposited into the special fund created in Section 27-67-35(1). On or before September 15, 2025, and each succeeding month thereafter, fifteen percent (15%) of the total use tax revenue collected during the preceding month under this article, except that imposed and levied as a result of Section 27-65-17(1)(n), and twenty-one percent (21%) of the total use tax revenue collected during the preceding month under this article imposed and levied as a result of Section 27-65-17(1)(n), shall be deposited into the special fund created in Section 27-67-35(1).

(f) On or before August 15, 2019, and each succeeding month thereafter through July 15, 2020, three and three-fourths percent (3-3/4%) of the total use tax revenue collected during the preceding month under the provisions of this article shall be deposited into the special fund created in Section 27-67-35(2). On or before August 15, 2020, and each succeeding month thereafter through July 15, 2021, seven and one-half percent (7-1/2%) of the total use tax revenue collected during the preceding month under the provisions of this article shall be deposited into the special fund created in Section 27-67-35(2). On or before August 15, 2021, and each succeeding month thereafter through July 15, 2022, eleven and one-fourth percent (11-1/4%) of the total use tax revenue collected during the preceding month under the provisions of this article shall be deposited into the special fund created in Section 27-67-35(2). On or before August 15, 2022, and each

2381 succeeding month thereafter through August 15, 2025, fifteen
2382 percent (15%) of the total use tax revenue collected during the
2383 preceding month under the provisions of this article shall be
2384 deposited into the special fund created in Section 27-67-35(2).
2385 On or before September 15, 2025, and each succeeding month
2386 thereafter, fifteen percent (15%) of the total use tax revenue
2387 collected during the preceding month under this article, except
2388 that imposed and levied as a result of Section 27-65-17(1)(n), and
2389 twenty-one percent (21%) of the total use tax revenue collected
2390 during the preceding month under this article imposed and levied
2391 as a result of Section 27-65-17(1)(n), shall be deposited into the
2392 special fund created in Section 27-67-35(2).

2393 (g) On or before August 15, 2019, and each succeeding
2394 month thereafter through July 15, 2020, Four Hundred Sixteen
2395 Thousand Six Hundred Sixty-six Dollars and Sixty-seven Cents
2396 (\$416,666.67) or one and one-fourth percent (1-1/4%) of the total
2397 use tax revenue collected during the preceding month under the
2398 provisions of this article, whichever is the greater amount, shall
2399 be deposited into the Local System Bridge Replacement and
2400 Rehabilitation Fund created in Section 65-37-13. On or before
2401 August 15, 2020, and each succeeding month thereafter through July
2402 15, 2021, Eight Hundred Thirty-three Thousand Three Hundred
2403 Thirty-three Dollars and Thirty-four Cents (\$833,333.34) or two
2404 and one-half percent (2-1/2%) of the total use tax revenue
2405 collected during the preceding month under the provisions of this
2406 article, whichever is the greater amount, shall be deposited into

2407 the Local System Bridge Replacement and Rehabilitation Fund
2408 created in Section 65-37-13. On or before August 15, 2021, and
2409 each succeeding month thereafter through July 15, 2022, One
2410 Million Two Hundred Fifty Thousand Dollars (\$1,250,000.00) or
2411 three and three-fourths percent (3-3/4%) of the total use tax
2412 revenue collected during the preceding month under the provisions
2413 of this article, whichever is the greater amount, shall be
2414 deposited into the Local System Bridge Replacement and
2415 Rehabilitation Fund created in Section 65-37-13. On or before
2416 August 15, 2022, and each succeeding month thereafter through July
2417 15, 2023, One Million Six Hundred Sixty-six Thousand Six Hundred
2418 Sixty-six Dollars and Sixty-seven Cents (\$1,666,666.67) or five
2419 percent (5%) of the total use tax revenue collected during the
2420 preceding month under the provisions of this article, whichever is
2421 the greater amount, shall be deposited into the Local System
2422 Bridge Replacement and Rehabilitation Fund created in Section
2423 65-37-13. On or before August 15, 2023, and each succeeding month
2424 thereafter, (i) One Million Six Hundred Sixty-six Thousand Six
2425 Hundred Sixty-six Dollars and Sixty-seven Cents (\$1,666,666.67) or
2426 two and one-half percent (2-1/2%) of the total use tax revenue
2427 collected during the preceding month under the provisions of this
2428 article, whichever is the greater amount, shall be deposited into
2429 the Local System Bridge Replacement and Rehabilitation Fund
2430 created in Section 65-37-13, and (ii) One Million Six Hundred
2431 Sixty-six Thousand Six Hundred Sixty-six Dollars and Sixty-seven
2432 Cents (\$1,666,666.67) or two and one-half percent (2-1/2%) of the

total use tax revenue collected during the preceding month under the provisions of this article, whichever is the greater amount, shall be deposited into the State Aid Road Fund created in Section 65-9-17.

(h) On or before August 15, 2020, and each succeeding month thereafter through July 15, 2022, One Million Dollars (\$1,000,000.00) of the total use tax revenue collected during the preceding month under the provisions of this article shall be deposited into the Local System Bridge Replacement and Rehabilitation Fund created in Section 65-37-13. Amounts deposited into the Local System Bridge Replacement and Rehabilitation Fund under this paragraph (h) shall be in addition to amounts deposited into the fund under paragraph (g) of this section.

(i) The remainder of the amount received from taxes, damages and interest under the provisions of this article shall be paid into the General Fund of the State Treasury by the commissioner.

SECTION 14. Section 27-67-35, Mississippi Code of 1972, is amended as follows:

27-67-35. (1) (a) There is hereby created a special fund in the State Treasury. The fund shall be maintained by the State Treasurer as a separate and special fund, separate and apart from the General Fund of the state. The fund shall consist of monies deposited therein under Section 27-67-31(e) and monies from any other source designated for deposit into such fund. Monies in the

2459 fund shall be expended by the department to provide funds to
2460 assist municipalities in this state in paying costs associated
2461 with:

2462 (i) Repair, maintenance and/or reconstruction of
2463 roads, streets and bridges, and acquisition and/or rehabilitation
2464 of buildings, in municipalities;

2465 (ii) Repair, maintenance and/or other improvements
2466 to water infrastructure and sewer infrastructure, including storm
2467 water and drainage improvements; and/or

2468 (iii) As a pledge to pay all or a portion of debt
2469 service on debt issued by a municipality for the purposes provided
2470 in this subsection (1)(a).

2471 These monies shall not be used for salaries, benefits or any
2472 form of compensation for employees, or for contract employees,
2473 administrative costs, debt service except as provided in this
2474 subsection (1)(a), personal property or equipment * * *, except
2475 for personal property or equipment to be used for the purposes
2476 allowed in subparagraphs (i) and (ii) of this subsection (1)(a),
2477 or for the construction or maintenance of public buildings or
2478 other structures that are not integral to the system of roads and
2479 bridges. Unexpended amounts remaining in the fund at the end of a
2480 fiscal year shall not lapse into the State General Fund, and any
2481 interest earned or investment earnings on amounts in the fund
2482 shall be deposited to the credit of the fund.

2483 (b) (i) Subject to the provisions of this paragraph
2484 (b) and Section 65-21-31, funds provided to municipalities under

2485 this subsection (1) shall be allocated and distributed to
2486 municipalities as follows:

2487 1. Three Million Dollars (\$3,000,000.00)
2488 shall be allocated to all municipalities in equal shares, and

2489 2. The remainder of the funds allocated as
2490 follows:

2491 a. One-half (1/2) shall be allocated to
2492 municipalities based on the proportion that the population of a
2493 municipality according to the most recent federal decennial census
2494 bears to the total population of all municipalities in the state
2495 according to the most recent federal decennial census, and

2496 b. One-half (1/2) shall be allocated to
2497 municipalities based on the proportion that the amount of sales
2498 tax revenue distributed to a municipality during the preceding
2499 fiscal year under Section 27-65-75(1)(a) bears to the total amount
2500 of sales tax revenue distributed to all municipalities during the
2501 preceding fiscal year under Section 27-65-75(1)(a). The
2502 department shall distribute funds under this subsection (1) on a
2503 semiannual basis with distributions being made in the months of
2504 January and July.

2505 (ii) In order to be eligible to receive the full
2506 amount of funds allocated for distribution to a municipality
2507 during a year under this subsection (1), the municipality must
2508 have expended an amount not less than the amount of base
2509 expenditures during the previous municipal fiscal year for the
2510 purposes described in paragraph (a) of this subsection (1). If a

2511 municipality fails to expend such required amount, then the amount
2512 of funds allocated for distribution to the municipality shall be
2513 reduced by the percentage by which the municipality failed to
2514 expend the amount of base expenditures. For the purposes of this
2515 subsection (1), "base expenditures" means the average annual
2516 expenditures made by a municipality for purposes described in
2517 paragraph (a) of this subsection (1) for the two-year period
2518 beginning October 1, 2020, and ending September 30, 2022.
2519 Expenditure of grant proceeds, loan proceeds, or the proceeds of
2520 bonds issued by a municipality for the purposes described in
2521 paragraph (a) of this subsection (1) shall not be considered when
2522 calculating the base period. Expenditures by a municipality for
2523 purposes described in paragraph (a) of this subsection (1) and for
2524 which the municipality may not use monies received from the
2525 department under this subsection (1), may be considered when
2526 calculating the amount of funds expended by the municipality
2527 during the previous municipal fiscal year, provided the
2528 expenditures are related to the purposes described in
2529 subparagraphs (i), (ii) and/or (iii) in paragraph (a) of this
2530 subsection (1). Beginning July 1, 2023, and each succeeding July
2531 1 thereafter, the amount of the base expenditures shall be
2532 adjusted and compounded annually by increasing or decreasing such
2533 amount by a percentage amount that is equal to the lesser of
2534 one-half percent (0.5%) or to the United States inflation rate for
2535 the previous calendar year ending on December 31 as certified by
2536 the department and provided to the municipalities thereby within

2537 thirty (30) days of such certification. The United States
2538 inflation rate for a calendar year shall be the Consumer Price
2539 Index for the calendar year for urban consumers as calculated by
2540 the Bureau of Labor Statistics of the United States Department of
2541 Labor.

2542 (c) The department and the Office of the State Auditor
2543 shall have all powers necessary to ensure the proper
2544 implementation of this subsection (1).

2545 (2) (a) There is hereby created a special fund in the State
2546 Treasury. The fund shall be maintained by the State Treasurer as
2547 a separate and special fund, separate and apart from the General
2548 Fund of the state. The fund shall consist of monies deposited
2549 therein under Section 27-67-31(f) and monies from any other source
2550 designated for deposit into such fund. Monies in the fund shall
2551 be expended by the department to provide funds to assist counties
2552 in this state in paying costs associated with (i) the repair,
2553 maintenance and/or reconstruction of roads, streets and bridges in
2554 counties, and/or (ii) as a pledge to pay all or a portion of debt
2555 service on debt issued by a county for the purposes provided in
2556 this subsection (2)(a). These monies shall not be used for
2557 salaries, benefits or any form of compensation for employees, or
2558 for contract employees, administrative costs, debt service except
2559 as provided in this subsection (2)(a), personal property or
2560 equipment except for personal property or equipment to be used for
2561 the purposes allowed in subparagraph (i) of this subsection
2562 (2)(a), or for the construction or maintenance of public buildings

2563 or other structures that are not integral to the system of roads
2564 and bridges. Unexpended amounts remaining in the fund at the end
2565 of a fiscal year shall not lapse into the State General Fund, and
2566 any interest earned or investment earnings on amounts in the fund
2567 shall be deposited to the credit of the fund.

2568 (b) (i) Subject to the provisions of this paragraph
2569 (b) and Section 65-21-31, funds provided to counties under this
2570 subsection (2) shall be allocated and distributed to counties in
2571 the following proportions:

2572 1. One-third (1/3) shall be allocated to all
2573 counties in equal shares,

2574 2. One-third (1/3) shall be allocated to
2575 counties based on the proportion that the total number of rural
2576 road miles in a county bears to the total number of rural road
2577 miles in all counties of the state, and

2578 3. One-third (1/3) shall be allocated to
2579 counties based on the proportion that the rural population of a
2580 county bears to the total rural population in all counties of the
2581 state, according to the latest federal decennial census.

2582 The department shall distribute funds under this subsection (2) on
2583 a semiannual basis with distributions being made in the months of
2584 January and July. Rural road miles and rural road population in
2585 the counties shall be determined in the same manner as they are
2586 determined for the purposes of the distribution formula in Section
2587 65-9-3.

2588 (ii) From and after July 1, 2020, of the funds
2589 allocated for distribution to a county during a year under this
2590 subsection (2), the maximum amount of such funds that may be
2591 distributed to the county during that year shall not exceed the
2592 amount of county funds expended by the county during the previous
2593 county fiscal year for purposes described in paragraph (a) of this
2594 subsection (2). Expenditure of the proceeds of bonds issued by a
2595 county to pay costs associated with the repair, maintenance and/or
2596 reconstruction of roads, streets and bridges shall not be
2597 considered when determining the amount of county funds expended by
2598 the county during the previous county fiscal year. Expenditures
2599 by a county for purposes described in paragraph (a) of this
2600 subsection (2) and for which the county may not use monies
2601 received from the department under this subsection (2), may be
2602 considered when calculating the amount of county funds expended by
2603 the county during the previous county fiscal year, provided the
2604 expenditures are related to purposes described in subparagraphs
2605 (i) and/or (ii) in paragraph (a) of this subsection (2).

2606 (c) The department and the Office of the State Auditor
2607 shall have all powers necessary to ensure the proper
2608 implementation of this subsection (2).

2609 **SECTION 15.** (1) Each person becoming a member of the system
2610 on or after March 1, 2026, shall have, in addition to the defined
2611 benefit plan under this article, a defined contribution plan
2612 meeting the requirements of Section 401(a) of the Internal Revenue
2613 Code. A portion of the employee's contributions shall be

2614 deposited into the employee's defined contribution account, as
2615 provided in Section 25-11-123, and in addition, the employer may
2616 elect to contribute an amount up to the maximum pretax amount
2617 allowable under federal law for plans under Section 401(a) of the
2618 Internal Revenue Code. Members shall be vested immediately in the
2619 defined contribution plan.

2620 (2) (a) Pursuant to Section 401(a) of the Internal Revenue
2621 Code, the board may establish a defined contribution, qualified
2622 plan under which a portion of the employee's mandatory
2623 contributions shall be deposited and which meets all requirements
2624 under federal and state law. To the extent state law conflicts
2625 with federal law, federal law shall govern the plan document to
2626 maintain the federal tax qualified status. The board, in its
2627 fiduciary capacity, may seek approval from the Internal Revenue
2628 Service.

2629 (b) The administration of the defined contribution plan
2630 shall be under the direction of the system. The defined
2631 contribution plan shall be operated in accordance with the
2632 guidelines established by the Internal Revenue Service for Section
2633 401(a) plans as reflected in the plan document, as may be modified
2634 from time to time by the board of trustees, and including optional
2635 variable employer contributions and a process for hardship
2636 withdrawals by members. Payroll reductions shall be made, in each
2637 instance, by the appropriate payroll officer. The administrator
2638 of the defined contribution plan may contract with a private
2639 corporation or institution for providing consolidated billing and

2640 other administrative services if deemed necessary by the
2641 administrator.

2642 (c) The board of trustees may assess the employer an
2643 amount, out of the employer's contribution rate under Section
2644 25-11-123, up to two-tenths percent (0.2%) of the participant's
2645 total earned compensation as defined in Section 25-11-103 to
2646 provide for the administrative expenses of operating the defined
2647 contribution plan, including, but not limited to, the services of
2648 auditors, consultants, money managers and third-party
2649 administrators.

2650 (3) Each participating member shall direct the investment of
2651 the individual's accumulated employer and employee contributions
2652 and earnings to one or more investment choices within available
2653 categories of investment provided by the board. The board shall
2654 provide an investment menu of investment options. In establishing
2655 the investment options, the board shall:

2656 (a) Include predetermined investment portfolio options
2657 constructed to reflect different risk profiles that automatically
2658 reallocate and rebalance contributions as a participating member
2659 ages; and

2660 (b) Allow a participating member to construct an
2661 investment portfolio using some or all of the investment options.

2662 **SECTION 16.** Section 25-11-103, Mississippi Code of 1972, is
2663 amended as follows:

25-11-103. (1) The following words and phrases as used in Articles 1 and 3, unless a different meaning is plainly required by the context, have the following meanings:

(a) "Accumulated contributions" means the sum of all the amounts deducted from the compensation of a member and credited to his or her individual account in the annuity savings account, together with regular interest as provided in Section 25-11-123.

(b) "Actuarial cost" means the amount of funds presently required to provide future benefits as determined by the board based on applicable tables and formulas provided by the actuary.

(c) "Actuarial equivalent" means a benefit of equal value to the accumulated contributions, annuity or benefit, as the case may be, when computed upon the basis of such mortality tables as adopted by the board of trustees, and regular interest.

(d) "Actuarial tables" mean such tables of mortality and rates of interest as adopted by the board in accordance with the recommendation of the actuary.

(e) "Agency" means any governmental body employing persons in the state service.

(f) "Average compensation" means, for persons who became members of the system before March 1, 2026, the average of the four (4) highest years of earned compensation reported for an employee in a fiscal or calendar year period, or combination thereof that do not overlap, or the last forty-eight (48)

consecutive months of earned compensation reported for an employee. The four (4) years need not be successive or joined years of service. "Average compensation" means, for persons who became members of the system on or after March 1, 2026, the average of the eight (8) highest consecutive years of earned compensation reported for an employee in a fiscal or calendar year period, or of the last ninety-six (96) consecutive months of earned compensation reported for an employee, whichever is greater.

 In computing the average compensation for retirement, disability or survivor benefits, any amount lawfully paid in a lump sum for personal leave or major medical leave shall be included in the calculation to the extent that the amount does not exceed an amount that is equal to thirty (30) days of earned compensation and to the extent that it does not cause the employee's earned compensation to exceed the maximum reportable amount specified in paragraph (k) of this subsection; however, this thirty-day limitation shall not prevent the inclusion in the calculation of leave earned under federal regulations before July 1, 1976, and frozen as of that date as referred to in Section 25-3-99. In computing the average compensation, no amounts shall be used that are in excess of the amount on which contributions were required and paid, and no nontaxable amounts paid by the employer for health or life insurance premiums for the employee shall be used. If any member who is or has been granted any increase in annual salary or compensation of more than eight

2716 percent (8%) retires within twenty-four (24) months from the date
2717 that the increase becomes effective, then the board shall exclude
2718 that part of the increase in salary or compensation that exceeds
2719 eight percent (8%) in calculating that member's average
2720 compensation for retirement purposes. The board may enforce this
2721 provision by rule or regulation. However, increases in
2722 compensation in excess of eight percent (8%) per year granted
2723 within twenty-four (24) months of the date of retirement may be
2724 included in the calculation of average compensation if
2725 satisfactory proof is presented to the board showing that the
2726 increase in compensation was the result of an actual change in the
2727 position held or services rendered, or that the compensation
2728 increase was authorized by the State Personnel Board or was
2729 increased as a result of statutory enactment, and the employer
2730 furnishes an affidavit stating that the increase granted within
2731 the last twenty-four (24) months was not contingent on a promise
2732 or agreement of the employee to retire. Nothing in Section
2733 25-3-31 shall affect the calculation of the average compensation
2734 of any member for the purposes of this article. The average
2735 compensation of any member who retires before July 1, 1992, shall
2736 not exceed the annual salary of the Governor.

2737 (g) "Beneficiary" means any person entitled to receive
2738 a retirement allowance, an annuity or other benefit as provided by
2739 Articles 1 and 3. The term "beneficiary" may also include an
2740 organization, estate, trust or entity; however, a beneficiary
2741 designated or entitled to receive monthly payments under an

optional settlement based on life contingency or under a statutory monthly benefit may only be a natural person. In the event of the death before retirement of any member who became a member of the system before July 1, 2007, and whose spouse and/or children are not entitled to a retirement allowance on the basis that the member has less than four (4) years of membership service credit, or who became a member of the system on or after July 1, 2007, and whose spouse and/or children are not entitled to a retirement allowance on the basis that the member has less than eight (8) years of membership service credit, and/or has not been married for a minimum of one (1) year or the spouse has waived his or her entitlement to a retirement allowance under Section 25-11-114, the lawful spouse of a member at the time of the death of the member shall be the beneficiary of the member unless the member has designated another beneficiary after the date of marriage in writing, and filed that writing in the office of the executive director of the board of trustees. No designation or change of beneficiary shall be made in any other manner.

(h) "Board" means the board of trustees provided in Section 25-11-15 to administer the retirement system created under this article.

(i) "Creditable service" means "prior service," "retroactive service" and all lawfully credited unused leave not exceeding the accrual rates and limitations provided in Section 25-3-91 et seq., as of the date of withdrawal from service plus "membership service" and other service for which credit is

2768 allowable as provided in Section 25-11-109. Except to limit
2769 creditable service reported to the system for the purpose of
2770 computing an employee's retirement allowance or annuity or
2771 benefits provided in this article, nothing in this paragraph shall
2772 limit or otherwise restrict the power of the governing authority
2773 of a municipality or other political subdivision of the state to
2774 adopt such vacation and sick leave policies as it deems necessary.

2775 (j) "Child" means either a natural child of the member,
2776 a child that has been made a child of the member by applicable
2777 court action before the death of the member, or a child under the
2778 permanent care of the member at the time of the latter's death,
2779 which permanent care status shall be determined by evidence
2780 satisfactory to the board. For purposes of this paragraph, a
2781 natural child of the member is a child of the member that is
2782 conceived before the death of the member.

2783 (k) "Earned compensation" means the full amount earned
2784 during a fiscal year by an employee not to exceed the employee
2785 compensation limit set pursuant to Section 401(a)(17) of the
2786 Internal Revenue Code for the calendar year in which the fiscal
2787 year begins and proportionately for less than one (1) year of
2788 service. Except as otherwise provided in this paragraph, the
2789 value of maintenance furnished to an employee shall not be
2790 included in earned compensation. Earned compensation shall not
2791 include any amounts paid by the employer for health or life
2792 insurance premiums for an employee. Earned compensation shall be
2793 limited to the regular periodic compensation paid, exclusive of

2794 litigation fees, bond fees, performance-based incentive payments,
2795 and other similar extraordinary nonrecurring payments. In
2796 addition, any member in a covered position, as defined by Public
2797 Employees' Retirement System laws and regulations, who is also
2798 employed by another covered agency or political subdivision shall
2799 have the earnings of that additional employment reported to the
2800 Public Employees' Retirement System regardless of whether the
2801 additional employment is sufficient in itself to be a covered
2802 position. In addition, computation of earned compensation shall
2803 be governed by the following:

2804 (i) In the case of constables, the net earnings
2805 from their office after deduction of expenses shall apply, except
2806 that in no case shall earned compensation be less than the total
2807 direct payments made by the state or governmental subdivisions to
2808 the official.

2809 (ii) In the case of chancery or circuit clerks,
2810 the net earnings from their office after deduction of expenses
2811 shall apply as expressed in Section 25-11-123(f)(4).

2812 (iii) In the case of members of the State
2813 Legislature, all remuneration or amounts paid, except mileage
2814 allowance, shall apply.

2815 (iv) The amount by which an eligible employee's
2816 salary is reduced under a salary reduction agreement authorized
2817 under Section 25-17-5 shall be included as earned compensation
2818 under this paragraph, provided this inclusion does not conflict
2819 with federal law, including federal regulations and federal

2820 administrative interpretations under the federal law, pertaining
2821 to the Federal Insurance Contributions Act or to Internal Revenue
2822 Code Section 125 cafeteria plans.

2823 (v) Compensation in addition to an employee's base
2824 salary that is paid to the employee under the vacation and sick
2825 leave policies of a municipality or other political subdivision of
2826 the state that employs him or her that exceeds the maximums
2827 authorized by Section 25-3-91 et seq. shall be excluded from the
2828 calculation of earned compensation under this article.

2829 (vi) The maximum salary applicable for retirement
2830 purposes before July 1, 1992, shall be the salary of the Governor.

2831 (vii) Nothing in Section 25-3-31 shall affect the
2832 determination of the earned compensation of any member for the
2833 purposes of this article.

2834 (viii) The value of maintenance furnished to an
2835 employee before July 1, 2013, for which the proper amount of
2836 employer and employee contributions have been paid, shall be
2837 included in earned compensation. From and after July 1, 2013, the
2838 value of maintenance furnished to an employee shall be reported as
2839 earned compensation only if the proper amount of employer and
2840 employee contributions have been paid on the maintenance and the
2841 employee was receiving maintenance and having maintenance reported
2842 to the system as of June 30, 2013. The value of maintenance when
2843 not paid in money shall be fixed by the employing state agency,
2844 and, in case of doubt, by the board of trustees as defined in
2845 Section 25-11-15.

2846 (ix) Except as otherwise provided in this
2847 paragraph, the value of any in-kind benefits provided by the
2848 employer shall not be included in earned compensation. As used in
2849 this subparagraph, "in-kind benefits" shall include, but not be
2850 limited to, group life insurance premiums, health or dental
2851 insurance premiums, nonpaid major medical and personal leave,
2852 employer contributions for social security and retirement, tuition
2853 reimbursement or educational funding, day care or transportation
2854 benefits.

2855 (1) "Employee" means any person legally occupying a
2856 position in the state service, and shall include the employees of
2857 the retirement system created under this article.

2858 (m) "Employer" means the State of Mississippi or any of
2859 its departments, agencies or subdivisions from which any employee
2860 receives his or her compensation.

2861 (n) "Executive director" means the secretary to the
2862 board of trustees, as provided in Section 25-11-15(9), and the
2863 administrator of the Public Employees' Retirement System and all
2864 systems under the management of the board of trustees. Wherever
2865 the term "Executive Secretary of the Public Employees' Retirement
2866 System" or "executive secretary" appears in this article or in any
2867 other provision of law, it shall be construed to mean the
2868 Executive Director of the Public Employees' Retirement System.

2869 (o) "Fiscal year" means the period beginning on July 1
2870 of any year and ending on June 30 of the next succeeding year.

2871 (p) "Medical board" means the board of physicians or
2872 any governmental or nongovernmental disability determination
2873 service designated by the board of trustees that is qualified to
2874 make disability determinations as provided for in Section
2875 25-11-119.

2876 (q) "Member" means any person included in the
2877 membership of the system as provided in Section 25-11-105. For
2878 purposes of Sections 25-11-103, 25-11-105, 25-11-109, 25-11-111,
2879 25-11-113, 25-11-114, 25-11-115 and 25-11-117, if a member of the
2880 system withdrew from state service and received a refund of the
2881 amount of the accumulated contributions to the credit of the
2882 member in the annuity savings account before July 1, 2007, and the
2883 person reenters state service and becomes a member of the system
2884 again on or after July 1, 2007, and repays all or part of the
2885 amount received as a refund and interest in order to receive
2886 creditable service for service rendered before July 1, 2007, the
2887 member shall be considered to have become a member of the system
2888 on or after July 1, 2007, subject to the eight-year membership
2889 service requirement, as applicable in those sections. For
2890 purposes of Sections 25-11-103, 25-11-111, 25-11-114 and
2891 25-11-115, if a member of the system withdrew from state service
2892 and received a refund of the amount of the accumulated
2893 contributions to the credit of the member in the annuity savings
2894 account before July 1, 2011, and the person reenters state service
2895 and becomes a member of the system again on or after July 1, 2011,
2896 and repays all or part of the amount received as a refund and

2897 interest in order to receive creditable service for service
2898 rendered before July 1, 2011, the member shall be considered to
2899 have become a member of the system on or after July 1, 2011. If a
2900 member of the system withdrew from state service and received a
2901 refund of the amount of the accumulated contributions to the
2902 credit of the member in the annuity savings account before March
2903 1, 2026, and the person reenters state service and becomes a
2904 member of the system again on or after March 1, 2026, the member
2905 shall be considered to have become a member of the system on or
2906 after March 1, 2026, and may not receive creditable service for
2907 service rendered before March 1, 2026.

2908 (r) "Membership service" means service as an employee
2909 in a covered position rendered while a contributing member of the
2910 retirement system.

2911 (s) "Position" means any office or any employment in
2912 the state service, or two (2) or more of them, the duties of which
2913 call for services to be rendered by one (1) person, including
2914 positions jointly employed by federal and state agencies
2915 administering federal and state funds. The employer shall
2916 determine upon initial employment and during the course of
2917 employment of an employee who does not meet the criteria for
2918 coverage in the Public Employees' Retirement System based on the
2919 position held, whether the employee is or becomes eligible for
2920 coverage in the Public Employees' Retirement System based upon any
2921 other employment in a covered agency or political subdivision. If
2922 or when the employee meets the eligibility criteria for coverage

2923 in the other position, then the employer must withhold
2924 contributions and report wages from the noncovered position in
2925 accordance with the provisions for reporting of earned
2926 compensation. Failure to deduct and report those contributions
2927 shall not relieve the employee or employer of liability thereof.
2928 The board shall adopt such rules and regulations as necessary to
2929 implement and enforce this provision.

2930 (t) "Prior service" means:

2931 (i) For persons who became members of the system
2932 before July 1, 2007, service rendered before February 1, 1953, for
2933 which credit is allowable under Sections 25-11-105 and 25-11-109,
2934 and which shall allow prior service for any person who is now or
2935 becomes a member of the Public Employees' Retirement System and
2936 who does contribute to the system for a minimum period of four (4)
2937 years.

2938 (ii) For persons who became members of the system
2939 on or after July 1, 2007, service rendered before February 1,
2940 1953, for which credit is allowable under Sections 25-11-105 and
2941 25-11-109, and which shall allow prior service for any person who
2942 is now or becomes a member of the Public Employees' Retirement
2943 System and who does contribute to the system for a minimum period
2944 of eight (8) years.

2945 (u) "Regular interest" means interest compounded
2946 annually at such a rate as determined by the board in accordance
2947 with Section 25-11-121.

2948 (v) "Retirement allowance" means an annuity for life as
2949 provided in this article, payable each year in twelve (12) equal
2950 monthly installments beginning as of the date fixed by the board.
2951 The retirement allowance shall be calculated in accordance with
2952 Section 25-11-111. However, any spouse who received a spouse
2953 retirement benefit in accordance with Section 25-11-111(d) before
2954 March 31, 1971, and those benefits were terminated because of
2955 eligibility for a social security benefit, may again receive his
2956 or her spouse retirement benefit from and after making application
2957 with the board of trustees to reinstate the spouse retirement
2958 benefit.

2959 (w) "Retroactive service" means service rendered after
2960 February 1, 1953, for which credit is allowable under Section
2961 25-11-105(b) and Section 25-11-105(k).

2962 (x) "System" means the Public Employees' Retirement
2963 System of Mississippi established and described in Section
2964 25-11-101.

2965 (y) "State" means the State of Mississippi or any
2966 political subdivision thereof or instrumentality of the state.

2967 (z) "State service" means all offices and positions of
2968 trust or employment in the employ of the state, or any political
2969 subdivision or instrumentality of the state, that elect to
2970 participate as provided by Section 25-11-105(f), including the
2971 position of elected or fee officials of the counties and their
2972 deputies and employees performing public services or any
2973 department, independent agency, board or commission thereof, and

also includes all offices and positions of trust or employment in the employ of joint state and federal agencies administering state and federal funds and service rendered by employees of the public schools. Effective July 1, 1973, all nonprofessional public school employees, such as bus drivers, janitors, maids, maintenance workers and cafeteria employees, shall have the option to become members in accordance with Section 25-11-105(b), and shall be eligible to receive credit for services before July 1, 1973, provided that the contributions and interest are paid by the employee in accordance with that section; in addition, the county or municipal separate school district may pay the employer contribution and pro rata share of interest of the retroactive service from available funds. "State service" shall not include the President of the Mississippi Lottery Corporation and personnel employed by the Mississippi Lottery Corporation. From and after July 1, 1998, retroactive service credit shall be purchased at the actuarial cost in accordance with Section 25-11-105(b).

(aa) "Withdrawal from service" or "termination from service" means complete severance of employment in the state service of any member by resignation, dismissal or discharge.

(bb) The masculine pronoun, wherever used, includes the feminine pronoun.

(2) For purposes of this article, the term "political subdivision" shall have the meaning ascribed to such term in Section 25-11-5 and shall also include public charter schools.

2999 **SECTION 17.** Section 25-11-109, Mississippi Code of 1972, is
3000 amended as follows:

3001 25-11-109. (1) Under such rules and regulations as the
3002 board of trustees shall adopt, each person who becomes a member of
3003 this retirement system, as provided in Section 25-11-105, on or
3004 before July 1, 1953, or who became a member of the system before
3005 July 1, 2007, and contributes to the system for a minimum period
3006 of four (4) years, or who became a member of the system on or
3007 after July 1, 2007, and contributes to the system for a minimum
3008 period of eight (8) years, shall receive credit for all state
3009 service rendered before February 1, 1953. To receive that credit,
3010 the member shall file a detailed statement of all services as an
3011 employee rendered by him in the state service before February 1,
3012 1953. For any member who joined the system after July 1, 1953,
3013 and before July 1, 2007, any creditable service for which the
3014 member is not required to make contributions shall not be credited
3015 to the member until the member has contributed to the system for a
3016 minimum period of at least four (4) years. For any member who
3017 joined the system on or after July 1, 2007, but before March 1,
3018 2026, any creditable service for which the member is not required
3019 to make contributions shall not be credited to the member until
3020 the member has contributed to the system for a minimum period of
3021 at least eight (8) years.

3022 (2) (a) (i) In the computation of creditable service for
3023 service rendered before July 1, 2017, under the provisions of this
3024 article, the total months of accumulative service during any

fiscal year shall be calculated in accordance with the schedule as follows: ten (10) or more months of creditable service during any fiscal year shall constitute a year of creditable service; seven (7) months to nine (9) months inclusive, three-quarters (3/4) of a year of creditable service; four (4) months to six (6) months inclusive, one-half (1/2) year of creditable service; one (1) month to three (3) months inclusive, one-quarter (1/4) of a year of creditable service.

(ii) In the computation of creditable service rendered on or after July 1, 2017, under the provisions of this article, service credit shall be awarded in monthly increments in a manner prescribed by regulations of the board.

(b) In no case shall credit be allowed for any period of absence without compensation except for disability while in receipt of a disability retirement allowance, nor shall less than fifteen (15) days of service in any month, or service less than the equivalent of one-half (1/2) of the normal working load for the position and less than one-half (1/2) of the normal compensation for the position in any month, constitute a month of creditable service, nor shall more than one (1) year of service be creditable for all services rendered in any one (1) fiscal year; however, for a school employee, substantial completion of the legal school term when and where the service was rendered shall constitute a year of service credit. Any state or local elected official shall be deemed a full-time employee for the purpose of creditable service. However, an appointed or elected official

3051 compensated on a per diem basis only shall not be allowed
3052 creditable service for terms of office.

3053 (c) In the computation of any retirement allowance or
3054 any annuity or benefits provided in this article, any fractional
3055 period of service of less than one (1) year shall be taken into
3056 account and a proportionate amount of such retirement allowance,
3057 annuity or benefit shall be granted for any such fractional period
3058 of service.

3059 (d) (i) In the computation of unused leave for
3060 creditable service authorized in Section 25-11-103, the following
3061 shall govern for members who retire before July 1, 2017:
3062 twenty-one (21) days of unused leave shall constitute one (1)
3063 month of creditable service and in no case shall credit be allowed
3064 for any period of unused leave of less than fifteen (15) days.
3065 The number of months of unused leave shall determine the number of
3066 quarters or years of creditable service in accordance with the
3067 above schedule for membership and prior service.

3068 (ii) In the computation of unused leave for
3069 creditable service authorized in Section 25-11-103, the following
3070 shall govern for members who retire on or after July 1, 2017:
3071 creditable service for unused leave shall be calculated in monthly
3072 increments in which one (1) month of service credit shall be
3073 awarded for each twenty-one (21) days of unused leave, except that
3074 the first fifteen (15) to fifty-seven (57) days of leave shall
3075 constitute three (3) months of service for those who became a
3076 member of the system before July 1, 2017.

3077 (iii) In order for the member to receive
3078 creditable service for the number of days of unused leave under
3079 this paragraph, the system must receive certification from the
3080 governing authority.

3081 (iv) For anyone who becomes a member of the system
3082 on or after March 1, 2026, no service credit shall be awarded for
3083 unused leave.

3084 (e) For the purposes of this subsection, members of the
3085 system who retire on or after July 1, 2010, shall receive credit
3086 for one-half (1/2) day of leave for each full year of membership
3087 service accrued after June 30, 2010. The amount of leave received
3088 by a member under this paragraph shall be added to the lawfully
3089 credited unused leave for which creditable service is provided
3090 under Section 25-11-103(i).

3091 (f) For the purpose of this subsection, for members of
3092 the system who are elected officers and who retire on or after
3093 July 1, 1987, the following shall govern:

3094 (i) For service before July 1, 1984, the members
3095 shall receive credit for leave (combined personal and major
3096 medical) for service as an elected official before that date at
3097 the rate of thirty (30) days per year.

3098 (ii) For service on and after July 1, 1984, the
3099 member shall receive credit for personal and major medical leave
3100 beginning July 1, 1984, at the rates authorized in Sections
3101 25-3-93 and 25-3-95, computed as a full-time employee.

3102 (iii) If a member is employed in a covered
3103 nonelected position and a covered elected position simultaneously,
3104 that member may not receive service credit for accumulated unused
3105 leave for both positions at retirement for the period during which
3106 the member was dually employed. During the period during which
3107 the member is dually employed, the member shall only receive
3108 credit for leave as provided for in this paragraph for an elected
3109 official.

3110 (iv) For any elected official who becomes a member
3111 of the system on or after March 1, 2026, no service credit shall
3112 be awarded for leave.

3113 (3) Subject to the above restrictions and to such other
3114 rules and regulations as the board may adopt, the board shall
3115 verify, as soon as practicable after the filing of such statements
3116 of service, the services therein claimed.

3117 (4) Upon verification of the statement of prior service, the
3118 board shall issue a prior service certificate certifying to each
3119 member the length of prior service for which credit shall have
3120 been allowed on the basis of his statement of service. So long as
3121 membership continues, a prior service certificate shall be final
3122 and conclusive for retirement purposes as to such service,
3123 provided that any member may within five (5) years from the date
3124 of issuance or modification of such certificate request the board
3125 of trustees to modify or correct his prior service certificate.
3126 Any modification or correction authorized shall only apply
3127 prospectively.

3128 When membership ceases, such prior service certificates shall
3129 become void. Should the employee again become a member, he shall
3130 enter the system as an employee not entitled to prior service
3131 credit except as provided in Sections 25-11-105(I), 25-11-113 and
3132 25-11-117.

3133 (5) Creditable service at retirement, on which the
3134 retirement allowance of a member shall be based, shall consist of
3135 the membership service rendered by him since he last became a
3136 member, and also, if he has a prior service certificate that is in
3137 full force and effect, the amount of the service certified on his
3138 prior service certificate.

3139 (6) Any member who served on active duty in the Armed Forces
3140 of the United States, who served in the Commissioned Corps of the
3141 United States Public Health Service before 1972 or who served in
3142 maritime service during periods of hostility in World War II,
3143 shall be entitled to creditable service at no cost for his service
3144 on active duty in the Armed Forces, in the Commissioned Corps of
3145 the United States Public Health Service before 1972 or in such
3146 maritime service, provided he entered state service after his
3147 discharge from the Armed Forces or entered state service after he
3148 completed such maritime service. The maximum period for such
3149 creditable service for all military service as defined in this
3150 subsection (6) shall not exceed four (4) years unless positive
3151 proof can be furnished by such person that he was retained in the
3152 Armed Forces during World War II or in maritime service during
3153 World War II by causes beyond his control and without opportunity

3154 of discharge. The member shall furnish proof satisfactory to the
3155 board of trustees of certification of military service or maritime
3156 service records showing dates of entrance into active duty service
3157 and the date of discharge. From and after July 1, 1993, no
3158 creditable service shall be granted for any military service or
3159 maritime service to a member who qualifies for a retirement
3160 allowance in another public retirement system administered by the
3161 Board of Trustees of the Public Employees' Retirement System
3162 based, in whole or in part, on such military or maritime service.
3163 In no case shall the member receive creditable service if the
3164 member received a dishonorable discharge from the Armed Forces of
3165 the United States.

3166 (7) (a) Any member of the Public Employees' Retirement
3167 System whose membership service is interrupted as a result of
3168 qualified military service within the meaning of Section 414(u)(5)
3169 of the Internal Revenue Code, and who has received the maximum
3170 service credit available under subsection (6) of this section,
3171 shall receive creditable service for the period of qualified
3172 military service that does not qualify as creditable service under
3173 subsection (6) of this section upon reentering membership service
3174 in an amount not to exceed five (5) years if:

3175 (i) The member pays the contributions he would
3176 have made to the retirement system if he had remained in
3177 membership service for the period of qualified military service
3178 based upon his salary at the time his membership service was
3179 interrupted;

3180 (ii) The member returns to membership service
3181 within ninety (90) days of the end of his qualified military
3182 service; and

3183 (iii) The employer at the time the member's
3184 service was interrupted and to which employment the member returns
3185 pays the contributions it would have made into the retirement
3186 system for such period based on the member's salary at the time
3187 the service was interrupted.

3188 (b) The payments required to be made in paragraph
3189 (a)(i) of this subsection may be made over a period beginning with
3190 the date of return to membership service and not exceeding three
3191 (3) times the member's qualified military service; however, in no
3192 event shall such period exceed five (5) years.

3193 (c) The member shall furnish proof satisfactory to the
3194 board of trustees of certification of military service showing
3195 dates of entrance into qualified service and the date of discharge
3196 as well as proof that the member has returned to active employment
3197 within the time specified.

3198 (8) Any member of the Public Employees' Retirement System
3199 who became a member of the system before July 1, 2007, and who has
3200 at least four (4) years of membership service credit, or who
3201 became a member of the system on or after July 1, 2007, but before
3202 March 1, 2026, and who has at least eight (8) years of membership
3203 service credit, shall be entitled to receive a maximum of five (5)
3204 years' creditable service for service rendered in another state as
3205 a public employee of such other state, or a political subdivision,

public education system or other governmental instrumentality thereof, or service rendered as a teacher in American overseas dependent schools conducted by the Armed Forces of the United States for children of citizens of the United States residing in areas outside the continental United States, provided that:

(a) The member shall furnish proof satisfactory to the board of trustees of certification of such services from the state, public education system, political subdivision or retirement system of the state where the services were performed or the governing entity of the American overseas dependent school where the services were performed; and

(b) The member is not receiving or will not be entitled to receive from the public retirement system of the other state or from any other retirement plan, including optional retirement plans, sponsored by the employer, a retirement allowance including such services; and

(c) The member shall pay to the retirement system on the date he or she is eligible for credit for such out-of-state service or at any time thereafter before the date of retirement the actuarial cost as determined by the actuary for each year of out-of-state creditable service. The provisions of this subsection are subject to the limitations of Section 415 of the Internal Revenue Code and regulations promulgated under that section.

(9) Any member of the Public Employees' Retirement System who became a member of the system before July 1, 2007, and has at

3232 least four (4) years of membership service credit, or who became a
3233 member of the system on or after July 1, 2007, but before March 1,
3234 2026, and has at least eight (8) years of membership service
3235 credit, and who receives, or has received, professional leave
3236 without compensation for professional purposes directly related to
3237 the employment in state service shall receive creditable service
3238 for the period of professional leave without compensation
3239 provided:

3240 (a) The professional leave is performed with a public
3241 institution or public agency of this state, or another state or
3242 federal agency;

3243 (b) The employer approves the professional leave
3244 showing the reason for granting the leave and makes a
3245 determination that the professional leave will benefit the
3246 employee and employer;

3247 (c) Such professional leave shall not exceed two (2)
3248 years during any ten-year period of state service;

3249 (d) The employee shall serve the employer on a
3250 full-time basis for a period of time equivalent to the
3251 professional leave period granted immediately following the
3252 termination of the leave period;

3253 (e) The contributing member shall pay to the retirement
3254 system the actuarial cost as determined by the actuary for each
3255 year of professional leave. The provisions of this subsection are
3256 subject to the regulations of the Internal Revenue Code
3257 limitations;

3258 (f) Such other rules and regulations consistent
3259 herewith as the board may adopt and in case of question, the board
3260 shall have final power to decide the questions.

3261 Any actively contributing member participating in the School
3262 Administrator Sabbatical Program established in Section 37-9-77
3263 shall qualify for continued participation under this subsection
3264 (9).

3265 (10) Any member of the Public Employees' Retirement System
3266 who became a member of the system before July 1, 2007, and has at
3267 least four (4) years of credited membership service, or who became
3268 a member of the system on or after July 1, 2007, but before March
3269 1, 2026, and has at least eight (8) years of credited membership
3270 service, shall be entitled to receive a maximum of ten (10) years
3271 creditable service for:

3272 (a) Any service rendered as an employee of any
3273 political subdivision of this state, or any instrumentality
3274 thereof, that does not participate in the Public Employees'
3275 Retirement System; or

3276 (b) Any service rendered as an employee of any
3277 political subdivision of this state, or any instrumentality
3278 thereof, that participates in the Public Employees' Retirement
3279 System but did not elect retroactive coverage; or

3280 (c) Any service rendered as an employee of any
3281 political subdivision of this state, or any instrumentality
3282 thereof, for which coverage of the employee's position was or is
3283 excluded; provided that the member pays into the retirement system

the actuarial cost as determined by the actuary for each year, or portion thereof, of such service. After a member has made full payment to the retirement system for all or any part of such service, the member shall receive creditable service for the period of such service for which full payment has been made to the retirement system.

SECTION 18. Section 25-11-111, Mississippi Code of 1972, is amended as follows:

25-11-111. (a) (1) Any member who became a member of the system before July 1, 2007, upon withdrawal from service upon or after attainment of the age of sixty (60) years who has completed at least four (4) years of membership service, or any member who became a member of the system before July 1, 2011, upon withdrawal from service regardless of age who has completed at least twenty-five (25) years of creditable service, shall be entitled to receive a retirement allowance, which shall begin on the first of the month following the date the member's application for the allowance is received by the board, but in no event before withdrawal from service.

(2) Any member who became a member of the system on or after July 1, 2007, but before March 1, 2026, upon withdrawal from service upon or after attainment of the age of sixty (60) years who has completed at least eight (8) years of membership service, or any member who became a member of the system on or after July 1, 2011, but before March 1, 2026, upon withdrawal from service regardless of age who has completed at least thirty (30) years of

creditable service, shall be entitled to receive a retirement allowance, which shall begin on the first of the month following the date the member's application for the allowance is received by the board, but in no event before withdrawal from service.

(3) Any member who became a member of the system on or after March 1, 2026, upon withdrawal from service upon or after attainment of the age of sixty-two (62) years who has completed at least eight (8) years of membership service, or upon withdrawal from service regardless of age who has completed at least thirty-five (35) years of creditable service, shall be entitled to receive a retirement allowance, which shall begin on the first of the month following the date the member's application for the allowance is received by the board, but in no event before withdrawal from service.

(b) (1) Any member who became a member of the system before July 1, 2007, whose withdrawal from service occurs before attaining the age of sixty (60) years who has completed four (4) or more years of membership service and has not received a refund of his accumulated contributions, shall be entitled to receive a retirement allowance, beginning upon his attaining the age of sixty (60) years, of the amount earned and accrued at the date of withdrawal from service. The retirement allowance shall begin on the first of the month following the date the member's application for the allowance is received by the board, but in no event before withdrawal from service.

3335 (2) Any member who became a member of the system on or
3336 after July 1, 2007, but before March 1, 2026, whose withdrawal
3337 from service occurs before attaining the age of sixty (60) years
3338 who has completed eight (8) or more years of membership service
3339 and has not received a refund of his accumulated contributions,
3340 shall be entitled to receive a retirement allowance, beginning
3341 upon his attaining the age of sixty (60) years, of the amount
3342 earned and accrued at the date of withdrawal from service. The
3343 retirement allowance shall begin on the first of the month
3344 following the date the member's application for the allowance is
3345 received by the board, but in no event before withdrawal from
3346 service.

3347 (3) Any member who became a member of the system on or
3348 after March 1, 2026, whose withdrawal from service occurs before
3349 attaining the age of sixty-two (62) years who has completed eight
3350 (8) or more years of membership service and has not received a
3351 refund of his accumulated contributions, shall be entitled to
3352 receive a retirement allowance, beginning upon his attaining the
3353 age of sixty-two (62) years, of the amount earned and accrued at
3354 the date of withdrawal from service. The retirement allowance
3355 shall begin on the first of the month following the date the
3356 member's application for the allowance is received by the board,
3357 but in no event before withdrawal from service.

3358 (c) Any member in service who has qualified for retirement
3359 benefits may select any optional method of settlement of
3360 retirement benefits by notifying the Executive Director of the

3361 Board of Trustees of the Public Employees' Retirement System in
3362 writing, on a form prescribed by the board, of the option he has
3363 selected and by naming the beneficiary of the option and
3364 furnishing necessary proof of age. The option, once selected, may
3365 be changed at any time before actual retirement or death, but upon
3366 the death or retirement of the member, the optional settlement
3367 shall be placed in effect upon proper notification to the
3368 executive director.

3369 (d) Any member who became a member of the system before July
3370 1, 2011, shall be entitled to an annual retirement allowance which
3371 shall consist of:

3372 (1) A member's annuity, which shall be the actuarial
3373 equivalent of the accumulated contributions of the member at the
3374 time of retirement computed according to the actuarial table in
3375 use by the system; and

3376 (2) An employer's annuity, which, together with the
3377 member's annuity provided above, shall be equal to two percent
3378 (2%) of the average compensation for each year of service up to
3379 and including twenty-five (25) years of creditable service, and
3380 two and one-half percent (2-1/2%) of the average compensation for
3381 each year of service exceeding twenty-five (25) years of
3382 creditable service.

3383 (3) Any retired member or beneficiary thereof who was
3384 eligible to receive a retirement allowance before July 1, 1991,
3385 and who is still receiving a retirement allowance on July 1, 1992,
3386 shall receive an increase in the annual retirement allowance of

the retired member equal to one-eighth of one percent ($1/8$ of 1%) of the average compensation for each year of state service in excess of twenty-five (25) years of membership service up to and including thirty (30) years. The maximum increase shall be five-eighths of one percent ($5/8$ of 1%). In no case shall a member who has been retired before July 1, 1987, receive less than Ten Dollars (\$10.00) per month for each year of creditable service and proportionately for each quarter year thereof. Persons retired on or after July 1, 1987, shall receive at least Ten Dollars (\$10.00) per month for each year of service and proportionately for each quarter year thereof reduced for the option selected. However, such Ten Dollars (\$10.00) minimum per month for each year of creditable service shall not apply to a retirement allowance computed under Section 25-11-114 based on a percentage of the member's average compensation.

(e) Any member who became a member of the system on or after July 1, 2011, but before March 1, 2026, shall be entitled to an annual retirement allowance which shall consist of:

(1) A member's annuity, which shall be the actuarial equivalent of the accumulated contributions of the member at the time of retirement computed according to the actuarial table in use by the system; and

(2) An employer's annuity, which, together with the member's annuity provided above, shall be equal to two percent (2%) of the average compensation for each year of service up to and including thirty (30) years of creditable service, and two and

one-half percent (2-1/2%) of average compensation for each year of service exceeding thirty (30) years of creditable service.

(f) Any member who became a member of the system on or after July 1, 2011, but before March 1, 2026, upon withdrawal from service upon or after attaining the age of sixty (60) years who has completed at least eight (8) years of membership service, or any such member upon withdrawal from service regardless of age who has completed at least thirty (30) years of creditable service, shall be entitled to receive a retirement allowance computed in accordance with the formula set forth in subsection (e) of this section. In the case of the retirement of any member who has attained age sixty (60) but who has not completed at least thirty (30) years of creditable service, the retirement allowance shall be computed in accordance with the formula set forth in subsection (e) of this section except that the total annual retirement allowance shall be reduced by an actuarial equivalent factor for each year of creditable service below thirty (30) years or the number of years in age that the member is below age sixty-five (65), whichever is less.

(g) Any member who became a member of the system on or after March 1, 2026, upon withdrawal from service upon or after attainment of the age of sixty-five (65) years who has completed at least eight (8) years of membership service, or upon withdrawal from service at the age of sixty-two (62) who has completed at least thirty (30) years of creditable service, or upon withdrawal from service regardless of age who has completed at least

3439 thirty-five (35) years of creditable service, shall be entitled to
3440 an annual retirement allowance which shall consist of a member's
3441 annuity, which annuity shall be equal to one percent (1%) of the
3442 average compensation for each year of creditable service. In the
3443 case of the retirement of any member who has attained the age of
3444 sixty-two (62) but has not completed at least thirty (30) years of
3445 creditable service, the total annual retirement allowance
3446 specified in this subsection (g) shall be reduced by an actuarial
3447 equivalent factor for each year of creditable service below thirty
3448 (30) years or the number of years in age that the member is below
3449 age sixty-five (65), whichever is less.

3450 (* * * gh) No member, except members excluded by the Age
3451 Discrimination in Employment Act Amendments of 1986 (Public Law
3452 99-592), under either Article 1 or Article 3 in state service
3453 shall be required to retire because of age.

3454 (* * * hi) No payment on account of any benefit granted
3455 under the provisions of this section shall become effective or
3456 begin to accrue until January 1, 1953.

3457 (* * * ij) (1) A retiree or beneficiary may, on a form
3458 prescribed by and filed with the retirement system, irrevocably
3459 waive all or a portion of any benefits from the retirement system
3460 to which the retiree or beneficiary is entitled. The waiver shall
3461 be binding on the heirs and assigns of any retiree or beneficiary
3462 and the same must agree to forever hold harmless the Public
3463 Employees' Retirement System of Mississippi from any claim to the
3464 waived retirement benefits.

(2) Any waiver under this subsection shall apply only to the person executing the waiver. A beneficiary shall be entitled to benefits according to the option selected by the member at the time of retirement. However, a beneficiary may, at the option of the beneficiary, execute a waiver of benefits under this subsection.

(3) The retirement system shall retain in the annuity reserve account amounts that are not used to pay benefits because of a waiver executed under this subsection.

(4) The board of trustees may provide rules and regulations for the administration of waivers under this subsection.

SECTION 19. Section 25-11-112, Mississippi Code of 1972, is amended as follows:

25-11-112. (1) Any member who became a member of the system before March 1, 2026, and is receiving a retirement allowance for service or disability retirement, or any beneficiary thereof, who has received a monthly benefit for at least one (1) full fiscal year, shall be eligible to receive an additional benefit, on December 1 or July 1 of the year as provided in subsection (3) of this section, equal to an amount calculated under paragraph (a) or (b) below:

(a) For any member who became a member of the system before July 1, 2011, the sum of:

(i) An amount equal to three percent (3%) of the annual retirement allowance multiplied by the number of full

3491 fiscal years in retirement before the end of the fiscal year in
3492 which the member reaches age fifty-five (55), plus

3493 (ii) An additional amount equal to three percent
3494 (3%) compounded by the number of full fiscal years in retirement
3495 beginning with the fiscal year in which the member reaches age
3496 fifty-five (55), multiplied by the amount of the annual retirement
3497 allowance.

3498 (b) For any member who became a member of the system on
3499 or after July 1, 2011, but before March 1, 2026, the sum of:

3500 (i) An amount equal to three percent (3%) of the
3501 annual retirement allowance multiplied by the number of full
3502 fiscal years in retirement before the end of the fiscal year in
3503 which the member reaches age sixty (60), plus

3504 (ii) An additional amount equal to three percent
3505 (3%) compounded by the number of full fiscal years in retirement
3506 beginning with the fiscal year in which the member reaches age
3507 sixty (60), multiplied by the amount of the annual retirement
3508 allowance.

3509 (2) The calculation of the beneficiary's additional benefit
3510 under subsection (1)(a) or (b) of this section shall be based on
3511 the member's age and full fiscal years in retirement as if the
3512 member had lived.

3513 (3) (a) The additional benefit provided for under this
3514 section shall be paid in one (1) payment in December of each year
3515 to those persons who are receiving a retirement allowance on
3516 December 1 of that year, unless an election is made under this

3517 subsection. However, if a retiree who is receiving a retirement
3518 allowance that will terminate upon the retiree's death is
3519 receiving the additional benefit in one (1) payment and dies on or
3520 after July 1 but before December 1, the beneficiary designated on
3521 the retirement application, if any, shall receive in a single
3522 payment a fractional part of the additional benefit based on the
3523 number of months in which a retirement allowance was received
3524 during the fiscal year. Likewise, if a retiree is receiving a
3525 retirement allowance that will terminate upon his or her death in
3526 two (2) to six (6) monthly installments, any remaining payments of
3527 the additional benefit will be paid in a lump sum to the
3528 beneficiary designated on the application, or if none, pursuant to
3529 Section 25-11-117.1(1). Any similar remaining payments of
3530 additional benefits payable under this section to a deceased
3531 beneficiary who was receiving a monthly benefit shall be payable
3532 in accordance with the provisions of Section 25-11-117.1(2). If
3533 the additional monthly benefit is being received in one (1)
3534 payment, the additional benefit shall also be prorated based on
3535 the number of months in which a retirement allowance was received
3536 during the fiscal year when (i) the monthly benefit payable to a
3537 beneficiary terminates due to the expiration of an option,
3538 remarriage or cessation of dependent status or due to the
3539 retiree's return to covered employment, and (ii) the monthly
3540 benefit terminates on or after July 1 and before December 1. The
3541 board may, in its discretion, allow a retired member or a
3542 beneficiary thereof who is receiving the additional annual payment

3543 in the manner provided for in this paragraph to change the manner
3544 in which the additional annual payment is received to that
3545 provided for in paragraph (b) of this subsection if the retired
3546 member or beneficiary submits satisfactory documentation that the
3547 continued receipt of the additional annual payment as provided for
3548 in this paragraph will cause a financial hardship to the retired
3549 member or beneficiary.

3550 (b) Retired members or beneficiaries thereof who on
3551 July 1, 1999, or July 1 of any fiscal year thereafter, are
3552 receiving a retirement allowance, may elect by an irrevocable
3553 agreement in writing filed in the Office of the Public Employees'
3554 Retirement System no less than thirty (30) days before July 1 of
3555 the appropriate year, to begin receiving the additional benefit
3556 provided for under this section in twelve (12) equal monthly
3557 installments beginning July 1, 1999, or July 1 of any fiscal year
3558 thereafter. This irrevocable agreement shall be binding on the
3559 member and subsequent beneficiaries. Payment of those monthly
3560 installments shall not extend beyond the month in which a
3561 retirement allowance is due and payable. The board may, in its
3562 discretion, allow a retired member or a beneficiary thereof who is
3563 receiving the additional annual payment in the manner provided for
3564 in this paragraph to change the manner in which the additional
3565 annual payment is received to that provided for in paragraph (a)
3566 of this subsection if the retired member or beneficiary submits
3567 satisfactory documentation that the continued receipt of the

3568 additional annual payment as provided for in this paragraph will
3569 cause a financial hardship to the retired member or beneficiary.

3570 (4) The additional payment or payments provided for under
3571 this section are for the fiscal year in which they are paid.

3572 (5) (a) The amount provided for under subsection (1)
3573 (a)(ii) of this section is calculated using the following formula:

3574 $[(1.03)^n - 1] \times [\text{annual retirement allowance}],$

3575 where n is the number of full fiscal years in retirement beginning
3576 with the fiscal year in which the member reaches age fifty-five
3577 (55).

3578 (b) The amount provided for under subsection (1)(b)(ii)
3579 of this section is calculated using the following formula:

3580 $[(1.03)^n - 1] \times [\text{annual retirement allowance}],$

3581 where n is the number of full fiscal years in retirement beginning
3582 with the fiscal year in which the member reaches age sixty (60).

3583 (6) Any retired member or beneficiary thereof who has
3584 previously elected to receive the additional annual payment in
3585 monthly installments may elect, upon application on a form
3586 prescribed by the board of trustees, to have that payment made in
3587 one (1) additional payment each year. This written election must
3588 be filed in the Office of the Public Employees' Retirement System
3589 before June 1, 2000, and shall be effective for the fiscal year
3590 beginning July 1, 2000.

3591 (7) In the event of death of a retired member or a
3592 beneficiary thereof who is receiving the additional annual payment
3593 in two (2) to six (6) monthly installments pursuant to an election

made before July 1, 1999, and who would otherwise be eligible to receive the additional benefit provided for under this section in one (1) payment in December of the current fiscal year, any remaining amounts shall be paid in a lump sum to the designated beneficiary.

(8) When a member retires after July 1 and has previously received a retirement allowance for one or more full fiscal years, the retired member shall be eligible immediately for the additional benefit. The additional benefit shall be based on the current retirement allowance and the number of full fiscal years in retirement and shall be prorated and paid in monthly installments based on the number of months a retirement allowance is paid during the fiscal year.

(9) A member who became a member of the system on or after March 1, 2026, is not entitled to the additional annual benefit under this section; however, the Legislature may provide an additional benefit for a specific year.

SECTION 20. Section 25-11-114, Mississippi Code of 1972, is amended as follows:

25-11-114. (1) The applicable benefits provided in subsections (2) and (3) of this section shall be paid to eligible beneficiaries of any member who became a member of the system before July 1, 2007, and has completed four (4) or more years of membership service, or who became a member of the system on or after July 1, 2007, and has completed eight (8) or more years of membership service, and who dies before retirement and who has not

filed a Pre-Retirement Optional Retirement Form as provided in
Section 25-11-111.

(2) (a) The surviving spouse of a member who dies before
retirement shall receive a monthly benefit computed in accordance
with paragraph (d) of this subsection (2) as if the member had
nominated his spouse as beneficiary if:

(i) The member completed the requisite minimum
number of years of membership service to qualify for a retirement
allowance at age sixty (60), for any member who became a member of
the system before March 1, 2026, or at age sixty-two (62), for any
member who became a member of the system on or after March 1,
2026;

(ii) The spouse has been married to the member for
not less than one (1) year preceding the death of the member;

(iii) The member has not exercised any other
option.

(b) If, at the time of the member's death, there are no
dependent children, and the surviving spouse, who otherwise would
receive the annuity under this subsection (2), has filed with the
system a signed written waiver of his or her rights to the annuity
and that waiver was in effect at the time of the member's death, a
lump-sum distribution of the deceased member's accumulated
contributions shall be refunded in accordance with Section
25-11-117.

(c) The spouse annuity shall begin on the first day of
the month following the date of the member's death, but in case of

late filing, retroactive payments will be made for a period of not more than one (1) year.

(d) The spouse of a member who is eligible to receive a monthly benefit under paragraph (a) of this subsection (2) shall receive a benefit for life equal to the higher of the following:

(i) The greater of twenty percent (20%) of the deceased member's average compensation as defined in Section 25-11-103 at the time of death or Fifty Dollars (\$50.00) monthly; or

(ii) Benefits calculated under Option 2 of Section 25-11-115. The method of calculating the retirement benefits shall be on the same basis as provided in Section 25-11-111(d) * * *~~or~~, (e) or (g), as applicable. However, if the member dies before being qualified for a full, unreduced retirement allowance, then the benefits shall be reduced by an actuarially determined percentage or factor based on the lesser of either the number of years of service credit or the number of years in age required to qualify for a full, unreduced retirement allowance in Section 25-11-111(d) * * *~~or~~, (e) or (g), as applicable.

(e) The surviving spouse of a deceased member who previously received spouse retirement benefits under paragraph (d)(i) of this subsection from and after July 1, 1992, and whose benefits were terminated before July 1, 2004, because of remarriage, may again receive the retirement benefits authorized under paragraph (d)(i) of this subsection by making application

with the board to reinstate those benefits. Any reinstatement of the benefits shall be prospective only and shall begin after the first of the month following the date of the application for reinstatement, but no earlier than July 1, 2004. From and after July 1, 2010, any spouse who chose Option 2 from and after July 1, 1992, but before July 1, 2004, where the benefit, although payable for life, was less than the benefit available under the calculation in paragraph (d)(i) of this subsection shall have his or her benefit increased to the amount which provides the greater benefit.

(3) (a) Subject to the maximum limitation provided in this paragraph, the member's dependent children each shall receive an annuity of the greater of ten percent (10%) of the member's average compensation as defined in Section 25-11-103 at the time of the death of the member or Fifty Dollars (\$50.00) monthly; however, if there are more than three (3) dependent children, each dependent child shall receive an equal share of a total annuity equal to thirty percent (30%) of the member's average compensation, provided that the total annuity shall not be less than One Hundred Fifty Dollars (\$150.00) per month for all children.

(b) A child shall be considered to be a dependent child until marriage, or the attainment of age nineteen (19), whichever comes first; however, this age limitation shall be extended beyond age nineteen (19), but in no event beyond the attainment of age twenty-three (23), as long as the child is a student regularly

3698 pursuing a full-time course of resident study or training in an
3699 accredited high school, trade school, technical or vocational
3700 institute, junior or community college, college, university or
3701 comparable recognized educational institution duly licensed by a
3702 state. A student child who is receiving a retirement allowance as
3703 of June 30, 2016, whose birthday falls during the school year
3704 (September 1 through June 30) is considered not to reach age
3705 twenty-three (23) until the July 1 following the actual
3706 twenty-third birthday. A full-time course of resident study or
3707 training means a day or evening noncorrespondence course that
3708 includes school attendance at the rate of at least thirty-six (36)
3709 weeks per academic year or other applicable period with a subject
3710 load sufficient, if successfully completed, to attain the
3711 educational or training objective within the period generally
3712 accepted as minimum for completion, by a full-time day student, of
3713 the academic or training program concerned. Any child who is
3714 physically or mentally incompetent, as adjudged by either a
3715 Mississippi court of competent jurisdiction or by the board, shall
3716 receive benefits for as long as the incompetency exists.

3717 (c) If there are more than three (3) dependent
3718 children, upon a child's ceasing to be a dependent child, his
3719 annuity shall terminate and there shall be a redetermination of
3720 the amounts payable to any remaining dependent children.

3721 (d) Annuities payable under this subsection (3) shall
3722 begin the first day of the month following the date of the
3723 member's death or in case of late filing, retroactive payments

will be made for a period of not more than one (1) year. Those benefits may be paid to a surviving parent or the lawful custodian of a dependent child for the use and benefit of the child without the necessity of appointment as guardian.

(4) (a) Death benefits in the line of duty. Regardless of the number of years of the member's creditable service, the spouse and/or the dependent children of an active member who is killed or dies as a direct result of a physical injury sustained from an accident or a traumatic event caused by external violence or physical force occurring in the line of performance of duty shall qualify, on approval of the board, for a retirement allowance on the first of the month following the date of death, but in the case of late filing, retroactive payments will be made for a period of not more than one (1) year. The spouse shall receive a retirement allowance for life equal to one-half (1/2) of the average compensation as defined in Section 25-11-103. In addition to the retirement allowance for the spouse, or if there is no surviving spouse, the member's dependent child shall receive a retirement allowance in the amount of one-fourth (1/4) of the member's average compensation as defined in Section 25-11-103; however, if there are two (2) or more dependent children, each dependent child shall receive an equal share of a total annuity equal to one-half (1/2) of the member's average compensation. If there are more than two (2) dependent children, upon a child's ceasing to be a dependent child, his annuity shall terminate and there shall be a redetermination of the amounts payable to any

3750 remaining dependent children. Those benefits shall cease to be
3751 paid for the support and maintenance of each child upon the child
3752 attaining the age of nineteen (19) years; however, the spouse
3753 shall continue to be eligible for the aforesaid retirement
3754 allowance. Those benefits may be paid to a surviving parent or
3755 lawful custodian of the children for the use and benefit of the
3756 children without the necessity of appointment as guardian. Any
3757 spouse who received spouse retirement benefits under this
3758 paragraph (a) from and after April 4, 1984, and whose benefits
3759 were terminated before July 1, 2004, because of remarriage, may
3760 again receive the retirement benefits authorized under this
3761 paragraph (a) by making application with the board to reinstate
3762 those benefits. Any reinstatement of the benefits shall be
3763 prospective only and shall begin after the first of the month
3764 following the date of the application for reinstatement, but not
3765 earlier than July 1, 2004.

3766 (b) A child shall be considered to be a dependent child
3767 until marriage, or the attainment of age nineteen (19), whichever
3768 comes first; however, this age limitation shall be extended beyond
3769 age nineteen (19), but in no event beyond the attainment of age
3770 twenty-three (23), as long as the child is a student regularly
3771 pursuing a full-time course of resident study or training in an
3772 accredited high school, trade school, technical or vocational
3773 institute, junior or community college, college, university or
3774 comparable recognized educational institution duly licensed by a
3775 state. A student child who is receiving a retirement allowance as

3776 of June 30, 2016, whose birthday falls during the school year
3777 (September 1 through June 30) is considered not to reach age
3778 twenty-three (23) until the July 1 following the actual
3779 twenty-third birthday. A full-time course of resident study or
3780 training means a day or evening noncorrespondence course that
3781 includes school attendance at the rate of at least thirty-six (36)
3782 weeks per academic year or other applicable period with a subject
3783 load sufficient, if successfully completed, to attain the
3784 educational or training objective within the period generally
3785 accepted as minimum for completion, by a full-time day student, of
3786 the academic or training program concerned. Any child who is
3787 physically or mentally incompetent, as adjudged by either a
3788 Mississippi court of competent jurisdiction or by the board, shall
3789 receive benefits for as long as the incompetency exists.

3790 (5) If all the annuities provided for in this section
3791 payable on account of the death of a member terminate before there
3792 has been paid an aggregate amount equal to the member's
3793 accumulated contributions standing to the member's credit in the
3794 annuity savings account at the time of the member's death, the
3795 difference between the accumulated contributions and the aggregate
3796 amount of annuity payments shall be paid to the person that the
3797 member has nominated by written designation duly executed and
3798 filed with the board. If there is no designated beneficiary
3799 surviving at termination of benefits, the difference shall be
3800 payable under Section 25-11-117.1(1).

3801 (6) Regardless of the number of years of creditable service,
3802 upon the application of a member or employer, any active member
3803 who becomes disabled as a direct result of a physical injury
3804 sustained from an accident or traumatic event caused by external
3805 violence or physical force occurring in the line of performance of
3806 duty, provided that the medical board or other designated
3807 governmental agency after a medical examination certifies that the
3808 member is mentally or physically incapacitated for the further
3809 performance of duty and the incapacity is likely to be permanent,
3810 may be retired by the board of trustees on the first of the month
3811 following the date of filing the application but in no event shall
3812 the retirement allowance begin before the termination of state
3813 service. If a member who has been approved for a retirement
3814 allowance under this subsection does not terminate state service
3815 within ninety (90) days after the approval, the retirement
3816 allowance and the application for the allowance shall be void.
3817 The retirement allowance shall equal the allowance on disability
3818 retirement as provided in Section 25-11-113 but shall not be less
3819 than fifty percent (50%) of average compensation. Line of duty
3820 disability benefits under this section shall be administered in
3821 accordance with the provisions of Section 25-11-113(1)(b), (c),
3822 (d), (e) and (f), (3), (4), (5) and (6).

3823 (7) For purposes of determining death or disability benefits
3824 under this section, the following shall apply:

3825 (a) Death or permanent and total disability resulting
3826 from a cardiovascular, pulmonary or musculoskeletal condition that

3827 was not a direct result of a physical injury sustained from an
3828 accident or a traumatic event caused by external violence or
3829 physical force occurring in the performance of duty shall be
3830 deemed a natural death or an ordinary disability.

3831 (b) A mental disability based exclusively on employment
3832 duties occurring on an ongoing basis shall be deemed an ordinary
3833 disability.

3834 (8) If the deceased or disabled member has less than four
3835 (4) years of membership service, the average compensation as
3836 defined in Section 25-11-103 shall be the average of all annual
3837 earned compensation in state service for the purposes of benefits
3838 provided in this section.

3839 (9) In case of death or total and permanent disability under
3840 subsection (4) or subsection (6) of this section and before the
3841 board shall consider any application for a retirement allowance,
3842 the employer must certify to the board that the member's death or
3843 disability was a direct result of an accident or a traumatic event
3844 occurring during and as a result of the performance of the regular
3845 and assigned duties of the employee and that the death or
3846 disability was not the result of the willful negligence of the
3847 employee.

3848 (10) The application for the retirement allowance must be
3849 filed within one (1) year after death of an active member who is
3850 killed in the line of performance of duty or dies as a direct
3851 result of an accident occurring in the line of performance of duty
3852 or traumatic event; but the board of trustees may consider an

3853 application for disability filed after the one-year period if it
3854 can be factually demonstrated to the satisfaction of the board of
3855 trustees that the disability is due to the accident and that the
3856 filing was not accomplished within the one-year period due to a
3857 delayed manifestation of the disability or to circumstances beyond
3858 the control of the member. However, in case of late filing,
3859 retroactive payments will be made for a period of not more than
3860 one (1) year only.

3861 (11) (a) Notwithstanding any other section of this article
3862 and in lieu of any payments to a designated beneficiary for a
3863 refund of contributions under Section 25-11-117, the spouse and/or
3864 children shall be eligible for the benefits payable under this
3865 section, and the spouse may elect, for both the spouse and/or
3866 children, to receive benefits in accordance with either
3867 subsections (2) and (3) or subsection (4) of this section;
3868 otherwise, the contributions to the credit of the deceased member
3869 shall be refunded in accordance with Section 25-11-117.

3870 (b) Notwithstanding any other section of this article,
3871 a spouse who is entitled to receive a monthly benefit under either
3872 subsection (2) or (4) of this section and who is also the named
3873 beneficiary for a refund of accumulated contributions in the
3874 member's annuity savings account, may, after the death of the
3875 member, elect to receive a refund of accumulated contributions in
3876 lieu of a monthly allowance, provided that there are no dependent
3877 children entitled to benefits under subsection (3) of this
3878 section.

3879 (12) If the member has previously received benefits from the
3880 system to which he was not entitled and has not repaid in full all
3881 amounts payable by him to the system, the annuity amounts
3882 otherwise provided by this section shall be withheld and used to
3883 effect repayment until the total of the withholdings repays in
3884 full all amounts payable by him to the system.

3885 **SECTION 21.** Section 25-11-115, Mississippi Code of 1972, is
3886 amended as follows:

3887 25-11-115. (1) Upon application for superannuation or
3888 disability retirement, any member may elect to receive his or her
3889 benefit in a retirement allowance payable throughout life with no
3890 further payments to anyone at the member's death, except that if
3891 the member's total retirement payments under this article do not
3892 equal the member's total contributions under this article, the
3893 named beneficiary shall receive the difference in cash at the
3894 member's death. Or the member may elect upon retirement, or upon
3895 becoming eligible for retirement, to receive the actuarial
3896 equivalent subject to the provisions of subsection (3) of this
3897 section of his or her retirement allowance in a reduced retirement
3898 allowance payable throughout life with the provision that:

3899 **Option 1.** If the retired member dies before he or she has
3900 received in annuity payment the value of the member's annuity
3901 savings account as it was at the time of the member's retirement,
3902 the balance shall be paid to the legal representative or to such
3903 person as the member has nominated by written designation duly
3904 acknowledged and filed with the board;

3905 **Option 2.** Upon the retired member's death, his or her
3906 reduced retirement allowance shall be continued throughout the
3907 life of, and paid to, such person as the member has nominated by
3908 written designation duly acknowledged and filed with the board of
3909 trustees at the time of his or her retirement;

3910 **Option 3.** Upon the retired member's death, one-half (1/2) of
3911 his or her reduced retirement allowance shall be continued
3912 throughout the life of, and paid to, such person as the member has
3913 nominated by written designation duly acknowledged and filed with
3914 the board of trustees at the time of his or her retirement, and
3915 the other one-half (1/2) of his or her reduced retirement
3916 allowance to some other designated beneficiary;

3917 **Option 4.** Upon the retired member's death, three-fourths
3918 (3/4) of his or her reduced retirement allowance, or such other
3919 specified amount, shall be continued throughout the life of, and
3920 paid to, such person as the member has nominated by written
3921 designation duly acknowledged and filed with the board of trustees
3922 at the time of his or her retirement;

3923 **Option 4-A.** Upon the retired member's death, one-half (1/2)
3924 of his or her reduced retirement allowance, or such other
3925 specified amount, shall be continued throughout the life of, and
3926 paid to, such person as the member has nominated by written
3927 designation duly acknowledged and filed with the board of trustees
3928 at the time of his or her retirement;

3929 **Option 4-B.** A reduced retirement allowance shall be
3930 continued throughout the life of the retirant, but with the

3931 further guarantee of payments to the named beneficiary or
3932 beneficiaries for a specified number of years certain. If the
3933 retired member or the last designated beneficiary both die before
3934 receiving all guaranteed payments due, the actuarial equivalent of
3935 the remaining payments shall be paid to the successors of the
3936 retired member under Section 25-11-117.1(1);

3937 **Option 6.** Any member who became a member of the system
3938 before July 1, 2007, and who has at least twenty-eight (28) years
3939 of creditable service at the time of retirement or who is at least
3940 sixty-three (63) years of age and eligible to retire, may select
3941 the maximum retirement benefit or an optional benefit as provided
3942 in this subsection together with a partial lump-sum distribution.
3943 Any member who became a member of the system on or after July 1,
3944 2007, but before July 1, 2011, and who has at least twenty-eight
3945 (28) years of creditable service at the time of retirement may
3946 select the maximum retirement benefit or any optional benefit as
3947 provided in this subsection together with a partial lump-sum
3948 distribution. Any member who became a member of the system on or
3949 after July 1, 2011, but before March 1, 2026, and who has at least
3950 thirty-three (33) years of creditable service at the time of
3951 retirement may select the maximum retirement benefit or any
3952 optional benefit as provided in this subsection together with a
3953 partial lump-sum distribution. Any member who became a member of
3954 the system on or after March 1, 2026, shall not be eligible for a
3955 partial lump-sum distribution. The amount of the lump-sum
3956 distribution under this option shall be equal to the maximum

3957 monthly benefit multiplied by twelve (12), twenty-four (24) or
3958 thirty-six (36) as selected by the member. The maximum retirement
3959 benefit shall be actuarially reduced to reflect the amount of the
3960 lump-sum distribution selected and further reduced for any other
3961 optional benefit selected. The annuity and lump-sum distribution
3962 shall be computed to result in no actuarial loss to the system.
3963 The lump-sum distribution shall be made as a single payment
3964 payable at the time the first monthly annuity payment is paid to
3965 the retiree. The amount of the lump-sum distribution shall be
3966 deducted from the member's annuity savings account in computing
3967 what contributions remain at the death of the retiree and/or a
3968 beneficiary. The lump-sum distribution option may be elected only
3969 once by a member upon initial retirement, and may not be elected
3970 by a retiree, by members applying for a disability retirement
3971 annuity, or by survivors.

3972 (2) No change in the option selected shall be permitted
3973 after the member's death or after the member has received his or
3974 her first retirement check except as provided in subsections (3)
3975 and (4) of this section and in Section 25-11-127. Members who are
3976 pursuing a disability retirement allowance and simultaneously or
3977 later elect to begin to receive a service retirement allowance
3978 while continuing to pursue a disability retirement allowance,
3979 shall not be eligible to select Option 6 and that option may not
3980 be selected at a later time if the application for a disability
3981 retirement allowance is voided or denied. However, any retired
3982 member who is receiving a retirement allowance under Option 2 or

3983 Option 4-A upon July 1, 1992, and whose designated beneficiary
3984 predeceased him or her or whose marriage to a spouse who is his or
3985 her designated beneficiary is terminated by divorce or other
3986 dissolution, upon written notification to the retirement system of
3987 the death of the designated beneficiary or of the termination of
3988 the retired member's marriage to the designated beneficiary, the
3989 retirement allowance payable to the member after receipt of that
3990 notification by the retirement system shall be equal to the
3991 retirement allowance that would have been payable if the member
3992 had not elected the option. In addition, any retired member who
3993 is receiving the maximum retirement allowance for life, a
3994 retirement allowance under Option 1 or who is receiving a
3995 retirement allowance under Option 2 or Option 4-A on July 1, 1992,
3996 may elect to provide survivor benefits under Option 2 or Option
3997 4-A to a spouse who was not previously the member's beneficiary
3998 and whom the member married before July 1, 1992.

3999 (3) Any retired member who is receiving a reduced retirement
4000 allowance under Option 2, Option 4 or Option 4-A whose designated
4001 beneficiary predeceases him or her, or whose marriage to a spouse
4002 who is his or her designated beneficiary is terminated by divorce
4003 or other dissolution, may elect to cancel the reduced retirement
4004 allowance and receive the maximum retirement allowance for life in
4005 an amount equal to the amount that would have been payable if the
4006 member had not elected Option 2, Option 4 or Option 4-A. That
4007 election must be made in writing to the office of the executive
4008 director of the system on a form prescribed by the board. Any

4009 such election shall be effective the first of the month following
4010 the date the election is received by the system; however, the
4011 election may be applied retroactively for not more than three (3)
4012 months but no earlier than the first of the month following the
4013 date of the death of the beneficiary.

4014 (4) Any retired member who is receiving the maximum
4015 retirement allowance for life, or a retirement allowance under
4016 Option 1, and who marries after his or her retirement may elect to
4017 cancel the maximum retirement allowance and receive a reduced
4018 retirement allowance under Option 2, Option 4 or Option 4-A to
4019 provide continuing lifetime benefits to his or her spouse. That
4020 election must be made in writing to the office of the executive
4021 director of the system on a form prescribed by the board not
4022 earlier than the date of the marriage and not later than one (1)
4023 year from the date of the marriage. Any such election shall be
4024 effective the first of the month following the date the election
4025 is received by the system.

4026 (5) (a) Except as otherwise provided in this subsection, if
4027 the election of an optional benefit is made after the member has
4028 attained the age of sixty-five (65) years, the actuarial
4029 equivalent factor shall be used to compute the reduced retirement
4030 allowance as if the election had been made on his or her
4031 sixty-fifth birthday; however, from and after January 1, 2003, if
4032 there is an election of Option 6 after the member has attained the
4033 age of sixty-five (65) years, the actuarial equivalent factor
4034 based on the retiree's age at the time of retirement shall be used

to compute the reduced maximum monthly retirement allowance. However, if a retiree marries or remarries after retirement and elects either Option 2 or Option 4-A as provided in subsection (2) or (4) of this section, the actuarial equivalent factor used to compute the reduced retirement allowance shall be the factor for the age of the retiree and his or her beneficiary at the time such election for recalculation of benefits is made.

(b) For members who retire on or after July 1, 2012, the actuarial equivalent factor used to compute the reduced retirement allowance at retirement or upon any subsequent recalculation of the benefit shall be the factor for the age of the retiree and his or her beneficiary at the time of retirement or at the time an election for recalculation of benefits is made.

(6) Notwithstanding any provision of Section 25-11-1 et seq., no payments may be made for a retirement allowance on a monthly basis for a period of time in excess of that allowed by federal law.

(7) If a retirant and his or her eligible beneficiary, if any, both die before they have received in annuity payments a total amount equal to the accumulated contributions standing to the retirant's credit in the annuity savings account at the time of his or her retirement, the difference between the accumulated contributions and the total amount of annuities received by them shall be paid to such persons as the retirant has nominated by written designation duly executed and filed in the office of the executive director. If no designated person survives the retirant

and his or her beneficiary, the difference, if any, shall be paid under Section 25-11-117.1(1).

(8) Any retired member who retired on Option 2(5) or 4-A(5) before July 1, 1992, who is still receiving a retirement allowance on July 1, 1994, shall receive an increase in the annual retirement allowance effective July 1, 1994, equal to the amount they would have received under Option 2 or Option 4-A without a reduction for Option 5 based on the ages at retirement of the retiree and beneficiary and option factors in effect on July 1, 1992. That increase shall be prospective only.

SECTION 22. Section 25-11-117, Mississippi Code of 1972, is amended as follows:

25-11-117. (1) A member may be paid a refund of the amount of accumulated contributions to the credit of the member in the annuity savings account, provided that the member has withdrawn from state service and has not returned to state service on the date the refund of the accumulated contributions would be paid. That refund of the contributions to the credit of the member in the annuity savings account shall be paid within ninety (90) days from receipt in the office of the retirement system of the properly completed form requesting the payment. In the event of death before retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the accumulated contributions to the credit of the deceased member in the annuity savings account shall be paid to the designated beneficiary on file in writing in the office of the executive director of the

4087 board of trustees within ninety (90) days from receipt of a
4088 properly completed form requesting the payment. If there is no
4089 such designated beneficiary on file for the deceased member in the
4090 office of the system, upon the filing of a proper request with the
4091 board, the contributions to the credit of the deceased member in
4092 the annuity savings account shall be refunded under Section
4093 25-11-117.1(1). The payment of the refund shall discharge all
4094 obligations of the retirement system to the member on account of
4095 any creditable service rendered by the member before the receipt
4096 of the refund. By the acceptance of the refund, the member shall
4097 waive and relinquish all accrued rights in the system.

4098 (2) Under the Unemployment Compensation Amendments of 1992
4099 (Public Law 102-318 (UCA)), a member or the spouse of a member who
4100 is an eligible beneficiary entitled to a refund under this section
4101 may elect, on a form prescribed by the board under rules and
4102 regulations established by the board, to have an eligible rollover
4103 distribution of accumulated contributions payable under this
4104 section paid directly to an eligible retirement plan, as defined
4105 under applicable federal law, or an individual retirement account.
4106 If the member or the spouse of a member who is an eligible
4107 beneficiary makes that election and specifies the eligible
4108 retirement plan or individual retirement account to which the
4109 distribution is to be paid, the distribution will be made in the
4110 form of a direct trustee-to-trustee transfer to the specified
4111 eligible retirement plan. A nonspouse beneficiary may elect to
4112 have an eligible rollover distribution paid in the form of a

4113 direct trustee-to-trustee transfer to an individual retirement
4114 account established to receive the distribution on behalf of the
4115 nonspouse beneficiary. Flexible rollovers under this subsection
4116 shall not be considered assignments under Section 25-11-129.

4117 (3) (a) If any person who has received a refund, reenters
4118 the state service and again becomes a member of the system before
4119 July 1, 2007, the member may repay all or part of the amounts
4120 previously received as a refund, together with regular interest
4121 covering the period from the date of refund to the date of
4122 repayment; however, the amounts that are repaid by the member and
4123 the creditable service related thereto shall not be used in any
4124 benefit calculation or determination until the member has remained
4125 a contributor to the system for a period of at least four (4)
4126 years after the member's reentry into state service. Repayment
4127 for that time shall be made beginning with the most recent service
4128 for which refund has been made. Upon the repayment of all or part
4129 of that refund and interest, the member shall again receive credit
4130 for the period of creditable service for which full repayment has
4131 been made to the system.

4132 (b) If any person who has received a refund, reenters
4133 the state service and again becomes a member of the system on or
4134 after July 1, 2007, but before March 1, 2026, the member may repay
4135 all or part of the amounts previously received as a refund,
4136 together with regular interest covering the period from the date
4137 of refund to the date of repayment; however, the amounts that are
4138 repaid by the member and the creditable service related thereto

shall not be used in any benefit calculation or determination until the member has remained a contributor to the system for a period of at least eight (8) years after the member's reentry into state service. Repayment for that time shall be made beginning with the most recent service for which refund has been made. Upon the repayment of all or part of that refund and interest, the member shall again receive credit for the period of creditable service for which full repayment has been made to the system.

(c) If any person who has received a refund reenters state service and again becomes a member of the system on or after March 1, 2026, the member shall not be eligible to repay any portion of amounts previously received as a refund and may not receive creditable service for service rendered before March 1, 2026.

(4) (a) In order to provide a source of income to members who have applied for disability benefits under Section 25-11-113 or 25-11-114, the board may provide, at the employee's election, a temporary benefit to be paid from the member's accumulated contributions, if any, without forfeiting the right to pursue disability benefits, provided that the member has exhausted all personal and medical leave and has terminated his or her employment. The board may prescribe rules and regulations for carrying out the provisions of this subsection (4).

(b) If a member who has elected to receive temporary benefits under this subsection later applies for a refund of his or her accumulated contributions, all amounts paid under this

subsection shall be deducted from the accumulated contributions and the balance will be paid to the member. If a member who has elected to receive temporary benefits under this subsection is later approved for a disability retirement allowance, and a service retirement allowance or survivor benefits are paid on the account, the board shall adjust the benefits in such a manner that no more than the actuarial equivalent of the benefits to which the member or beneficiary was or is entitled shall be paid.

(c) The board may study, develop and propose a disability benefit structure, including short- and long-term disability benefits, provided that it is the actuarial equivalent of the benefits currently provided in Section 25-11-113 or 25-11-114.

SECTION 23. Section 25-11-123, Mississippi Code of 1972, is amended as follows:

25-11-123. All of the assets of the system shall be credited according to the purpose for which they are held to one (1) of four (4) reserves; namely, the annuity savings account, the annuity reserve, the employer's accumulation account, and the expense account; however, any employee who became a member of the system on or after March 1, 2026, shall also have a defined contribution plan administered by the system, as provided in Section 15 of this act.

(a) **Annuity savings account.** In the annuity savings account shall be accumulated the contributions made by members to provide for their annuities, including interest thereon which

shall be posted monthly. Credits to and charges against the annuity savings account shall be made as follows:

(1) Beginning July 1, 2010, except as otherwise provided in Section 25-11-126, the employer shall cause to be deducted from the salary of each member on each and every payroll of the employer for each and every payroll period nine percent (9%) of earned compensation as defined in Section 25-11-103; however, for any employee who became a member of the system on or after March 1, 2026, only four percent (4%) of such earned compensation shall be deposited into the annuity savings account, with the remaining five percent (5%), to be deposited into the employee's defined contribution account authorized in Section 15 of this act. Future contributions shall be fixed biennially by the board on the basis of the liabilities of the retirement system for the various allowances and benefits as shown by actuarial valuation; however, any member earning at a rate less than Sixteen Dollars and Sixty-seven Cents (\$16.67) per month, or Two Hundred Dollars (\$200.00) per year, shall contribute not less than One Dollar (\$1.00) per month, or Twelve Dollars (\$12.00) per year.

(2) The deductions provided in paragraph (1) of this subsection shall be made notwithstanding that the minimum compensation provided by law for any member is reduced by the deduction. Every member shall be deemed to consent and agree to the deductions made and provided for in paragraph (1) of this subsection and shall receipt for his full salary or compensation, and payment of salary or compensation less the deduction shall be

4217 a full and complete discharge and acquittance of all claims and
4218 demands whatsoever for the services rendered by the person during
4219 the period covered by the payment, except as to the benefits
4220 provided under Articles 1 and 3. The board shall provide by rules
4221 for the methods of collection of contributions from members and
4222 the employer. The board shall have full authority to require the
4223 production of evidence necessary to verify the correctness of
4224 amounts contributed.

4225 (b) **Annuity reserve.** The annuity reserve shall be the
4226 account representing the actuarial value of all annuities in
4227 force, and to it shall be charged all annuities and all benefits
4228 in lieu of annuities, payable as provided in this article. If a
4229 beneficiary retired on account of disability is restored to active
4230 service with a compensation not less than his average final
4231 compensation at the time of his last retirement, the remainder of
4232 his contributions shall be transferred from the annuity reserve to
4233 the annuity savings account and credited to his individual account
4234 therein, and the balance of his annuity reserve shall be
4235 transferred to the employer's accumulation account.

4236 (c) **Employer's accumulation account.** The employer's
4237 accumulation account shall represent the accumulation of all
4238 reserves for the payment of all retirement allowances and other
4239 benefits payable from contributions made by the employer, and
4240 against this account shall be charged all retirement allowances
4241 and other benefits on account of members. Credits to and charges

4242 against the employer's accumulation account shall be made as
4243 follows:

4244 (1) On account of each member who became a member
4245 of the system before March 1, 2026, there shall be paid monthly
4246 into the employer's accumulation account by the employers for the
4247 preceding fiscal year an amount equal to a certain percentage of
4248 the total earned compensation, as defined in Section 25-11-103, of
4249 each member. From and after May 9, 2024, the increase in the
4250 employer's contribution rate scheduled to take effect on July 1,
4251 2024, is rescinded and shall not take effect; however, on July 1
4252 of each year from 2024 through 2028, the employer's contribution
4253 rate shall be increased by one-half percent (1/2%). For each
4254 member who became a member of the system on or after March 1,
4255 2026, except as provided in Section 15 of this act, the employer's
4256 monthly payment under this paragraph (1) shall be applied to the
4257 accrued liability contribution fund.

4258 (2) For the public good, any recommendation by the
4259 board to adjust the employer contributions * * *~~shall~~ may be
4260 accompanied by at least two (2) assessments from actuaries who are
4261 independent from each other and the retirement plan. The
4262 actuaries shall analyze the economic impact of any such
4263 recommendation to the system and state, including, but not limited
4264 to, information showing the fiscal impact to every agency and arm
4265 of the state, including, but not limited to, state agencies,
4266 cities, counties and school districts. The actuarial assessments,
4267 with any such recommendation to adjust the employer contributions,

shall be submitted to the Lieutenant Governor, Speaker of the House, Chairman of the Senate Appropriations Committee and Chairman of the House Appropriations Committee.

(3) The board shall have the authority to make recommendations regarding additional funding sources for the retirement plan, including employer contribution increases, based on the assets and liabilities of the retirement plan, and the analyses required by paragraph (2) of this subsection (c). The Legislature shall have the sole authority to implement any such recommendations. It is the intent of the Legislature that, in the 2025 Regular Session, a law be enacted to create a new tier for future members of the system, in furtherance of the system's continued financial stability and sustainability.

(4) This section shall not be construed to provide authority to reduce or eliminate any earned benefits to be provided by the state to persons who, before July 1, 2025, are drawing a retirement allowance or are members of the system.

(5) On the basis of regular interest and of such mortality and other tables as are adopted by the board of trustees, the actuary engaged by the board to make each valuation required by this article during the period over which the accrued liability contribution is payable, immediately after making that valuation, shall determine the uniform and constant percentage of the earnable compensation of each member which, if contributed by the employer on the basis of compensation of the member throughout his entire period of membership service, would be sufficient to

4294 provide for the payment of any retirement allowance payable on his
4295 account for that service. The percentage rate so determined shall
4296 be known as the "normal contribution rate." After the accrued
4297 liability contribution has ceased to be payable, the normal
4298 contribution rate shall be the percentage rate of the salary of
4299 all members obtained by deducting from the total liabilities on
4300 account of membership service the amount in the employer's
4301 accumulation account, and dividing the remainder by one percent
4302 (1%) of the present value of the prospective future salaries of
4303 all members as computed on the basis of the mortality and service
4304 tables adopted by the board of trustees and regular interest. The
4305 normal rate of contributions shall be determined by the actuary
4306 after each valuation.

4307 (6) The total amount payable in each year to the
4308 employer's accumulation account shall not be less than the sum of
4309 the percentage rate known as the "normal contribution rate" and
4310 the "accrued liability contribution rate" of the total
4311 compensation earnable by all members during the preceding year,
4312 provided that the payment by the employer shall be sufficient,
4313 when combined with the amounts in the account, to provide the
4314 allowances and other benefits chargeable to this account during
4315 the year then current.

4316 (7) The accrued liability contribution shall be
4317 discontinued as soon as the accumulated balance in the employer's
4318 accumulation account shall equal the present value, computed on
4319 the basis of the normal contribution rate then in force, or the

prospective normal contributions to be received on account of all persons who are at that time members.

(8) All allowances and benefits in lieu thereof, with the exception of those payable on account of members who receive no prior service credit, payable from contributions of the employer, shall be paid from the employer's accumulation account.

(9) Upon the retirement of a member, an amount equal to his retirement allowance shall be transferred from the employer's accumulation account to the annuity reserve.

(10) The employer's accumulation account shall be credited with any assets authorized by law to be credited to the account.

(d) **Expense account.** The expense account shall be the account to which the expenses of the administration of the system shall be charged, exclusive of amounts payable as retirement allowances and as other benefits provided herein. The Legislature shall make annual appropriations in amounts sufficient to administer the system, which shall be credited to this account. There shall be transferred to the State Treasury from this account, not less than once per month, an amount sufficient for payment of the estimated expenses of the system for the succeeding thirty (30) days. Any interest earned on the expense account shall accrue to the benefit of the system. However, notwithstanding the provisions of Sections 25-11-15(10) and 25-11-105(f)(v)5, all expenses of the administration of the system shall be paid from the interest earnings, provided the interest

4346 earnings are in excess of the actuarial interest assumption as
4347 determined by the board, and provided the present cost of the
4348 administrative expense fee of two percent (2%) of the
4349 contributions reported by the political subdivisions and
4350 instrumentalities shall be reduced to one percent (1%) from and
4351 after July 1, 1983, through June 30, 1984, and shall be eliminated
4352 thereafter.

4353 (e) **Collection of contributions.** The employer shall
4354 cause to be deducted on each and every payroll of a member for
4355 each and every payroll period, beginning subsequent to January 31,
4356 1953, the contributions payable by the member as provided in
4357 Articles 1 and 3.

4358 The employer shall make deductions from salaries of employees
4359 as provided in Articles 1 and 3 and shall transmit monthly, or at
4360 such time as the board of trustees designates, the amount
4361 specified to be deducted to the Executive Director of the Public
4362 Employees' Retirement System. The executive director, after
4363 making a record of all those receipts, shall deposit such amounts
4364 as provided by law.

4365 (f) (1) The sum of the normal contribution rate and the
4366 accrued liability contribution rate shall be known as the
4367 "employer's contribution rate."

4368 (2) The amount payable by the employer on account
4369 of normal and accrued liability contributions shall be determined
4370 by applying the employer's contribution rate to the amount of
4371 compensation earned by employees who are members of the system.

4372 Monthly, or at such time as the board of trustees designates, each
4373 department or agency shall compute the amount of the employer's
4374 contribution payable, with respect to the salaries of its
4375 employees who are members of the system, and shall cause that
4376 amount to be paid to the board of trustees from the personal
4377 service allotment of the amount appropriated for the operation of
4378 the department or agency, or from funds otherwise available to the
4379 agency, for the payment of salaries to its employees.

4380 (3) Except as otherwise provided in Section
4381 25-11-106:

4382 (i) Constables shall pay employer and
4383 employee contributions on their net fee income as well as the
4384 employee contributions on all direct treasury or county payroll
4385 income.

4386 (ii) The county shall be responsible for the
4387 employer contribution on all direct treasury or county payroll
4388 income of constables.

4389 (4) Except as otherwise provided in Section
4390 25-11-106.1, chancery and circuit clerks shall be responsible for
4391 both the employer and employee share of contributions on the
4392 proportionate share of net income attributable to fees, as well as
4393 the employee share of net income attributable to direct treasury
4394 or county payroll income, and the employing county shall be
4395 responsible for the employer contributions on the net income
4396 attributable to direct treasury or county payroll income.

4397 (5) Once each year, under procedures established
4398 by the system, each employer shall submit to the Public Employees'
4399 Retirement System a copy of their report to Social Security of all
4400 employees' earnings.

4401 (6) The board shall provide by rules for the
4402 methods of collection of contributions of employers and members.
4403 The amounts determined due by an agency to the various funds as
4404 specified in Articles 1 and 3 are made obligations of the agency
4405 to the board and shall be paid as provided herein. Failure to
4406 deduct those contributions shall not relieve the employee and
4407 employer from liability thereof. Delinquent employee
4408 contributions and any accrued interest shall be the obligation of
4409 the employee and delinquent employer contributions and any accrued
4410 interest shall be the obligation of the employer. The employer
4411 may, in its discretion, elect to pay any or all of the interest on
4412 delinquent employee contributions. From and after July 1, 1996,
4413 under rules and regulations established by the board, all
4414 employers are authorized and shall transfer all funds due to the
4415 Public Employees' Retirement System electronically and shall
4416 transmit any wage or other reports by computerized reporting
4417 systems.

4418 **SECTION 24.** Section 25-11-305, Mississippi Code of 1972, is
4419 amended as follows:

4420 25-11-305. (1) The membership of the Supplemental
4421 Legislative Retirement Plan shall be composed as follows:

4422 (a) All members of the State Legislature who are
4423 currently serving in the capacity of an elected official of the
4424 State Legislature and the person currently serving as President of
4425 the Senate shall become members of this system on July 1, 1989,
4426 unless they file with the board within thirty (30) days after July
4427 1, 1989, on a form prescribed by the board, a notice of election
4428 not to be covered in the membership of the Supplemental
4429 Legislative Retirement Plan and a duly executed waiver of all
4430 present and prospective benefits which would otherwise inure to
4431 them on account of their participation in the plan.

4432 (b) All members of the State Legislature and the
4433 President of the Senate who are elected after July 1, 1989, but
4434 before March 1, 2026.

4435 (2) Any state legislators who would have otherwise qualified
4436 for membership in the plan under subsection (1) of this section
4437 but who were excluded from membership by other provisions of this
4438 section as it read before March 26, 1991, shall become members of
4439 the plan upon March 26, 1991, and shall receive creditable service
4440 in the plan for the period from July 1, 1989, to March 26, 1991,
4441 upon payment of the proper employee and employer contributions for
4442 that period.

4443 (3) Membership in the plan shall cease by a member
4444 withdrawing his accumulated contributions, or by a member
4445 withdrawing from active service with a retirement allowance, or by
4446 death of the member.

(4) No benefits under the plan shall accrue or otherwise be payable to any person who does not qualify for membership in the plan under subsection (1) of this section.

(5) If a member of the Supplemental Legislative Retirement Plan under this article withdrew from state service and received a refund of the amount of the accumulated contributions to the credit of the member before March 1, 2026, and the person reenters state service on or after March 1, 2026, the member shall be considered to have become a member of the Public Employees' Retirement System of Mississippi under Article 3 of this chapter on or after March 1, 2026, and may not receive creditable service for service rendered before March 1, 2026.

SECTION 25. Section 25-11-401, Mississippi Code of 1972, is amended as follows:

25-11-401. There is established an optional retirement program for employees of the state institutions of higher learning included in Section 37-101-1 * * *, ~~Mississippi Code of 1972,~~ who are appointed or employed after July 1, 1990. To be eligible to participate in the optional retirement program, a newly appointed employee must:

(a) (i) Hold a teaching or administrative faculty position, or

(ii) Hold a position as an intern or resident in training at the University Medical Center or the College of Veterinary Medicine at Mississippi State University under a teaching program at such institutions; and

(b) Be eligible for membership in the Public Employees' Retirement System of Mississippi.

SECTION 26. Section 25-11-409, Mississippi Code of 1972, is brought forward as follows:

25-11-409. Eligible employees initially employed on or after July 1, 1990, shall elect to participate in the optional retirement program within thirty (30) days after (i) entry into state service, or (ii) the effective date of the optional retirement program, whichever is later. The election must be made in writing and filed with the board of trustees and will be effective as of the date of employment. If an eligible employee fails to timely make the election provided in this section, he shall become a member of the Public Employees' Retirement System of Mississippi in accordance with Article 3 of this chapter.

SECTION 27. Section 25-11-411, Mississippi Code of 1972, is amended as follows:

25-11-411. (1) Each participant shall contribute monthly to the optional retirement program * * * ~~the same amount that he or she would be required to contribute to the Public Employees' Retirement System of Mississippi if he or she were a member of that retirement system~~ nine percent (9%) of the participant's total earned compensation as defined in Section 25-11-103.

Participant contributions may be made by a reduction in salary in accordance with the provisions of Section 403(b) of the United States Internal Revenue Code or any amendment thereto, or in accordance with Section 25-11-124, as may be appropriate under the

determination made in accordance with Section 25-11-421. The entirety of each participant's contribution shall be remitted to the appropriate company or companies for application to the participant's contracts or accounts, or both. Each employer of a participant in the optional retirement program shall contribute on behalf of each participant in the optional retirement program the same amount the employer would be required to contribute to the Public Employees' Retirement System of Mississippi if the participant were a member of the retirement system. The employer's contribution shall be remitted as follows:

(a) An amount equal to ~~***seven and one-fourth percent (7-1/4%)~~ fourteen and nine-tenths percent (14.9%), for participants employed before July 1, 2025, or up to nine percent (9%) as determined by the employer, for participants employed on or after July 1, 2025, of the participant's total earned compensation as defined in Section 25-11-103 shall be remitted to the appropriate company or companies for application to the participant's contracts or accounts, or both;

(b) An amount ~~***equal up to ***two and one-half percent (2-1/2%)~~ two-tenths percent (0.2%) of the participant's total earned compensation as defined in Section 25-11-103 shall be remitted to the Public Employees' Retirement System of Mississippi ~~***for application to the accrued liability contribution fund~~ for application to the system's expense fund to defray the cost of administering the optional retirement program created by this article;

4525 (c) The remainder * * *, ~~if any,~~ shall be remitted to
4526 the * * * ~~appropriate company or companies for application to the~~
4527 ~~participant's contracts or accounts, or both~~ Public Employees'
4528 Retirement System of Mississippi for application to the accrued
4529 liability contribution fund.

4530 If the employer's contribution level is decreased below nine
4531 and three-fourths percent (9-3/4%) of the employee's total earned
4532 compensation, the remittance provided by paragraph (* * * ~~b~~c) of
4533 this section shall be reduced accordingly. There shall be no
4534 reduction in the remittance provided by paragraph (a) of this
4535 section until such time, if any, that the employer's contribution
4536 level is less than * * * ~~seven and one-fourth percent (7-1/4%)~~
4537 nine percent (9%) of the participant's total earned compensation.
4538 If the accrued liability contribution is reduced or discontinued
4539 under Section 25-11-123, the amount of the reduction, or the
4540 entirety of the employer's contribution, in case of
4541 discontinuance, shall be remitted to the appropriate company or
4542 companies for application to the participant's contracts or
4543 accounts, or both. Any remittance required to be made by the
4544 employer to the Public Employees' Retirement System of Mississippi
4545 shall be made at the times the employer remits contributions for
4546 members of the retirement system.

4547 (2) The employer may, in its discretion, make additional
4548 contributions to the participant's contracts or accounts up to the
4549 maximum amount allowable under federal law.

4550 **SECTION 28.** Section 25-11-415, Mississippi Code of 1972,
4551 which provides that the Public Employees' Retirement System of
4552 Mississippi may deduct not more than two percent (2%) of all
4553 employers' contributions and transfer such deductions to the
4554 expense fund of the Public Employees' Retirement System to defray
4555 the cost of administering the optional retirement program for
4556 employees of the state institutions of higher learning, is
4557 repealed.

4558 **SECTION 29.** Section 2 of this act shall be codified in
4559 Chapter 7, Title 27, Mississippi Code of 1972. Section 15 of this
4560 act shall be codified in Article 3, Chapter 11, Title 25,
4561 Mississippi Code of 1972.

4562 **SECTION 30.** Sections 1 through 13 and Sections 25 through 29
4563 of this act shall take effect and be in force from and after July
4564 1, 2025, and Sections 15 through 24 of this act shall take effect
4565 and be in force from and after March 1, 2026.

**Further, amend by striking the title in its entirety and
inserting in lieu thereof the following:**

1 AN ACT TO AMEND SECTION 27-7-5, MISSISSIPPI CODE OF 1972, TO
2 REDUCE THE TAX ON ALL TAXABLE INCOME IN EXCESS OF \$10,000.00 TO
3 3.75% FOR 2027, 3.5% FOR 2028, 3.25% FOR 2029, AND 3% FOR 2030 AND
4 ALL SUBSEQUENT YEARS; TO PROVIDE FOR THE ADDITIONAL REDUCTION OF
5 THE TAX ON ALL TAXABLE INCOME IN EXCESS OF \$10,000.00, BEGINNING
6 IN 2031, WHEN THE WORKING CASH-STABILIZATION RESERVE FUND IS FULLY
7 FUNDED, AND THE ADJUSTED GENERAL FUND REVENUE COLLECTIONS FOR A
8 FISCAL YEAR EXCEED CERTAIN APPROPRIATIONS FOR THE FOLLOWING FISCAL
9 YEAR BY AT LEAST 0.85% OF THE COST OF A 1% INCOME TAX REDUCTION;
10 TO AMEND SECTION 27-65-17, MISSISSIPPI CODE OF 1972, TO TAX RETAIL
11 SALES OF GROCERIES AT 5% FROM AND AFTER JULY 1, 2025; TO AMEND
12 SECTION 27-65-241, MISSISSIPPI CODE OF 1972, TO CONFORM; TO BRING
13 FORWARD SECTION 27-67-5, MISSISSIPPI CODE OF 1972, WHICH REQUIRES
14 THE IMPOSITION OF A USE TAX, FOR THE PURPOSE OF POSSIBLE

15 AMENDMENT; TO AMEND SECTIONS 27-55-11, 27-55-519 AND 27-55-521,
16 MISSISSIPPI CODE OF 1972, TO INCREASE THE EXCISE TAXES ON GASOLINE
17 AND CERTAIN SPECIAL FUELS TO 21¢ PER GALLON FROM JULY 1, 2025,
18 THROUGH JUNE 30, 2026, 24¢ PER GALLON FROM JULY 1, 2026, THROUGH
19 JUNE 30, 2027, AND 27¢ PER GALLON FROM JULY 1, 2027, UNTIL THE
20 FIRST DAY OF THE MONTH IMMEDIATELY FOLLOWING THE DATE UPON WHICH
21 THE MISSISSIPPI TRANSPORTATION COMMISSION AND THE STATE TREASURER
22 MAKE CERTAIN CERTIFICATIONS; TO PROVIDE FOR THE INDEXING OF SUCH
23 TAXES; TO AMEND SECTIONS 27-55-12 AND 27-55-523, MISSISSIPPI CODE
24 OF 1972, TO CONFORM; TO AMEND SECTIONS 27-5-101 AND 27-65-75,
25 MISSISSIPPI CODE OF 1972, TO ADJUST THE DISTRIBUTION OF REVENUE
26 FROM CERTAIN GASOLINE AND SPECIAL FUEL TAXES; TO REVISE THE
27 DISTRIBUTION OF STATE SALES TAX REVENUE COLLECTED FROM RETAIL
28 SALES OF FOOD FOR HUMAN CONSUMPTION NOT PURCHASED WITH FOOD STAMPS
29 BUT WHICH WOULD BE EXEMPT FROM SALES TAX IF PURCHASED WITH FOOD
30 STAMPS; TO AMEND SECTION 27-67-31, MISSISSIPPI CODE OF 1972, TO
31 ADJUST THE DISTRIBUTION OF USE TAX REVENUE TO MUNICIPALITIES AND
32 COUNTIES FOR INFRASTRUCTURE; TO AMEND SECTION 27-67-35,
33 MISSISSIPPI CODE OF 1972, TO AUTHORIZE MUNICIPALITIES TO EXPEND
34 MONIES IN A SPECIAL FUND CONSISTING OF USE TAX REVENUE
35 DISTRIBUTIONS FOR THE ACQUISITION AND/OR REHABILITATION OF
36 BUILDINGS; TO CREATE A NEW TIER IN THE MISSISSIPPI PUBLIC
37 EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI FOR EMPLOYEES BECOMING
38 MEMBERS OF THE SYSTEM ON OR AFTER MARCH 1, 2026, WHICH SHALL
39 CONSIST OF A DEFINED BENEFIT COMPONENT AND A DEFINED CONTRIBUTION
40 COMPONENT; TO SPECIFY THAT THE DEFINED CONTRIBUTION COMPONENT
41 SHALL BE A PLAN UNDER SECTION 401(A) OF THE INTERNAL REVENUE CODE;
42 TO PROVIDE THAT A PORTION OF THE EMPLOYEE'S CONTRIBUTIONS SHALL BE
43 DEPOSITED INTO THE EMPLOYEE'S DEFINED CONTRIBUTION ACCOUNT, AND IN
44 ADDITION, THE EMPLOYER MAY ELECT TO CONTRIBUTE AN AMOUNT UP TO THE
45 MAXIMUM PRETAX AMOUNT ALLOWABLE UNDER FEDERAL LAW; TO PROVIDE THAT
46 MEMBERS SHALL BE VESTED IMMEDIATELY IN THE DEFINED CONTRIBUTION
47 PLAN; TO AMEND SECTION 25-11-103, MISSISSIPPI CODE OF 1972, TO
48 REVISE THE DEFINITION OF "AVERAGE COMPENSATION" FOR MEMBERS IN THE
49 NEW TIER TO MEAN THE AVERAGE OF THE EIGHT HIGHEST CONSECUTIVE
50 YEARS OF EARNED COMPENSATION, OR OF THE LAST 96 CONSECUTIVE MONTHS
51 OF EARNED COMPENSATION, WHICHEVER IS GREATER; TO AMEND THE
52 DEFINITION OF "MEMBER" TO PROVIDE THAT, IF A PERSON WITHDRAWS FROM
53 STATE SERVICE AND RECEIVES A REFUND BEFORE MARCH 1, 2026, AND
54 REENTERS STATE SERVICE ON OR AFTER MARCH 1, 2026, THE MEMBER SHALL
55 BE CONSIDERED TO HAVE BECOME A MEMBER OF THE SYSTEM ON OR AFTER
56 MARCH 1, 2026, AND NO PRIOR SERVICE SHALL BE CREDITED; TO AMEND
57 SECTION 25-11-109, MISSISSIPPI CODE OF 1972, TO LIMIT THE
58 CIRCUMSTANCES FOR WHICH CREDITABLE SERVICE MAY BE AWARDED FOR
59 EMPLOYEES BECOMING MEMBERS OF THE SYSTEM ON OR AFTER MARCH 1,
60 2026; TO AMEND SECTION 25-11-111, MISSISSIPPI CODE OF 1972, TO
61 PROVIDE THAT MEMBERS IN THE NEW TIER WHO HAVE COMPLETED AT LEAST
62 EIGHT YEARS OF MEMBERSHIP SERVICE SHALL BE ENTITLED TO RECEIVE A
63 RETIREMENT ALLOWANCE UPON WITHDRAWAL FROM SERVICE AT THE AGE OF
64 62, AND MEMBERS WHO HAVE COMPLETED AT LEAST 35 YEARS OF CREDITABLE
65 SERVICE SHALL BE ENTITLED TO RECEIVE A RETIREMENT ALLOWANCE UPON
66 WITHDRAWAL FROM SERVICE REGARDLESS OF AGE; TO PROVIDE THAT MEMBERS

67 IN THE NEW TIER WHO WITHDRAW FROM SERVICE BEFORE AGE 62 AND HAVE
68 COMPLETED AT LEAST EIGHT YEARS OF MEMBERSHIP SERVICE AND HAVE NOT
69 RECEIVED A REFUND OF THEIR CONTRIBUTIONS SHALL BE ENTITLED TO
70 RECEIVE A RETIREMENT ALLOWANCE UPON ATTAINING THE AGE OF 62; TO
71 PROVIDE THAT THE MEMBER'S ANNUAL RETIREMENT ALLOWANCE FROM THE
72 DEFINED BENEFIT PLAN SHALL CONSIST OF A MEMBER'S ANNUITY, WHICH
73 SHALL BE EQUAL TO 1% OF THE AVERAGE COMPENSATION FOR EACH YEAR OF
74 CREDITABLE SERVICE; TO PROVIDE THAT THE ANNUAL RETIREMENT
75 ALLOWANCE OF A MEMBER WHO HAS ATTAINED THE AGE OF 62 BUT HAS NOT
76 COMPLETED AT LEAST 30 YEARS OF CREDITABLE SERVICE SHALL BE REDUCED
77 BY AN ACTUARIAL EQUIVALENT FACTOR FOR EACH YEAR OF CREDITABLE
78 SERVICE BELOW 30 YEARS OR THE NUMBER OF YEARS IN AGE THAT THE
79 MEMBER IS BELOW AGE 65, WHICHEVER IS LESS; TO AMEND SECTION
80 25-11-112, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT THERE SHALL
81 BE NO ANNUAL COST-OF-LIVING ADJUSTMENT FOR THE RETIREMENT
82 ALLOWANCE APPLICABLE TO THE NEW TIER, ALTHOUGH THE LEGISLATURE MAY
83 PROVIDE AN ADDITIONAL BENEFIT FOR A SPECIFIC YEAR; TO AMEND
84 SECTION 25-11-114, MISSISSIPPI CODE OF 1972, TO CONFORM TO THE
85 PROVISIONS OF THIS ACT WITH RESPECT TO RETIREMENT ALLOWANCES FOR
86 DEATH BEFORE RETIREMENT OR DEATH OR DISABILITY IN THE LINE OF
87 DUTY; TO AMEND SECTION 25-11-115, MISSISSIPPI CODE OF 1972, TO
88 PROVIDE THAT A MEMBER IN THE NEW TIER SHALL NOT BE ELIGIBLE FOR A
89 PARTIAL LUMP-SUM DISTRIBUTION; TO AMEND SECTION 25-11-117,
90 MISSISSIPPI CODE OF 1972, TO CONFORM; TO AMEND SECTION 25-11-123,
91 MISSISSIPPI CODE OF 1972, TO PROVIDE THAT, FOR MEMBERS IN THE NEW
92 TIER, THE EMPLOYEE'S CONTRIBUTION SHALL BE 9% OF EARNED
93 COMPENSATION, 4% OF WHICH SHALL BE DEPOSITED INTO THE ANNUITY
94 SAVINGS ACCOUNT APPLICABLE TO THE DEFINED BENEFIT PORTION OF THE
95 RETIREMENT ALLOWANCE, WITH THE REMAINING 5% TO BE DEPOSITED INTO
96 THE EMPLOYEE'S DEFINED CONTRIBUTION ACCOUNT; TO PROVIDE THAT, FOR
97 MEMBERS IN THE NEW TIER, THE EMPLOYER'S CONTRIBUTION SHALL BE
98 APPLIED TO THE SYSTEM'S ACCRUED LIABILITY CONTRIBUTION FUND; TO
99 AMEND SECTION 25-11-305, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT
100 MEMBERSHIP IN THE SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN SHALL
101 APPLY ONLY TO THOSE STATE LEGISLATORS AND PRESIDENTS OF THE SENATE
102 WHO WERE ELECTED BEFORE MARCH 1, 2026; TO PROVIDE THAT, IF A
103 MEMBER OF THE SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN WITHDRAWS
104 FROM STATE SERVICE AND RECEIVES A REFUND BEFORE MARCH 1, 2026, AND
105 REENTERS STATE SERVICE ON OR AFTER MARCH 1, 2026, THE MEMBER SHALL
106 BE CONSIDERED TO HAVE BECOME A MEMBER OF THE PUBLIC EMPLOYEES'
107 RETIREMENT SYSTEM ON OR AFTER MARCH 1, 2026, AND NO PRIOR SERVICE
108 SHALL BE CREDITED; TO AMEND SECTION 25-11-401, MISSISSIPPI CODE OF
109 1972, TO MAKE A MINOR TECHNICAL CHANGE; TO BRING FORWARD SECTION
110 25-11-409, MISSISSIPPI CODE OF 1972, FOR THE PURPOSE OF POSSIBLE
111 AMENDMENT; TO AMEND SECTION 25-11-411, MISSISSIPPI CODE OF 1972,
112 TO PROVIDE THAT EACH PARTICIPANT IN THE OPTIONAL RETIREMENT
113 PROGRAM SHALL CONTRIBUTE MONTHLY TO THE OPTIONAL RETIREMENT
114 PROGRAM 9% OF THE PARTICIPANT'S TOTAL EARNED COMPENSATION; TO
115 REALLOCATE THE EMPLOYER'S CONTRIBUTION TO THE OPTIONAL RETIREMENT
116 PROGRAM; TO PROVIDE THAT AN AMOUNT EQUAL TO 14.9%, FOR EMPLOYEES
117 HIRED BEFORE JULY 1, 2025, OR UP TO 9%, FOR EMPLOYEES HIRED ON OR
118 AFTER JULY 1, 2025, OF THE PARTICIPANT'S TOTAL EARNED COMPENSATION

119 SHALL BE APPLIED TO THE PARTICIPANT'S CONTRACTS OR ACCOUNTS; TO
120 PROVIDE THAT UP TO 0.2% OF THE PARTICIPANT'S TOTAL EARNED
121 COMPENSATION SHALL BE APPLIED TO THE EXPENSE FUND OF THE PUBLIC
122 EMPLOYEES' RETIREMENT SYSTEM TO DEFRAY THE COST OF ADMINISTERING
123 THE OPTIONAL RETIREMENT PROGRAM; TO PROVIDE THAT THE REMAINDER
124 SHALL BE REMITTED TO THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM FOR
125 APPLICATION TO THE ACCRUED LIABILITY CONTRIBUTION FUND; TO REPEAL
126 SECTION 25-11-415, MISSISSIPPI CODE OF 1972, WHICH PROVIDES THAT
127 THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM MAY DEDUCT NOT MORE THAN
128 2% OF ALL EMPLOYERS' CONTRIBUTIONS AND TRANSFER SUCH DEDUCTIONS TO
129 THE EXPENSE FUND OF THE SYSTEM TO DEFRAY THE COST OF ADMINISTERING
130 THE OPTIONAL RETIREMENT PROGRAM; AND FOR RELATED PURPOSES.

SS26\HB1PS.J

Amanda White
Secretary of the Senate