

By: Representatives Hall, Blackwell, Burch,
Grady, Hawkins, Hulum, Keen, Lott, McMillan,
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To: Ways and Means

HOUSE BILL NO. 1265

1 AN ACT TO CREATE THE SALES TAX DIVERSION STUDY COMMITTEE,
2 WHICH SHALL DEVELOP RECOMMENDATIONS CONCERNING THE PROPER
3 ALLOCATION OF SALES TAX REVENUE BETWEEN THE MISSISSIPPI DEPARTMENT
4 OF REVENUE AND MUNICIPALITIES; TO PROVIDE THE DUTIES AND
5 COMPOSITION OF THE COMMITTEE; TO REQUIRE THE COMMITTEE TO MAKE A
6 LEGISLATIVE REPORT UPON COMPLETION OF THE STUDY; AND FOR RELATED
7 PURPOSES.

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

9 **SECTION 1.** There is created the Sales Tax Diversion Study
10 Committee to examine, evaluate, and develop recommendations
11 regarding the proper allocation of sales tax revenue between the
12 Mississippi Department of Revenue and municipalities. The
13 committee shall:

14 (a) Conduct a comprehensive review of current sales tax
15 diversion practices and identify discrepancies.

16 (b) Assess the financial impact of misallocated sales
17 tax revenue on municipalities.

18 (c) Analyze technological solutions, including
19 modernized software systems, to ensure accurate sales tax
20 distribution.



21 (d) Evaluate the accountability and oversight
22 mechanisms within the Department of Revenue.

23 (e) Develop recommendations for legislative or
24 administrative reforms to be implemented in the 2026 Legislative
25 Session.

26 **SECTION 2.** The committee shall be composed of the following
27 thirteen (13) members:

28 (a) Three (3) members of the Mississippi Senate,
29 appointed by the Lieutenant Governor;

30 (b) Three (3) members of the Mississippi House of
31 Representatives, appointed by the Speaker of the House;

32 (c) The Commissioner of the Mississippi Department of
33 Revenue, or a designee, as an ex officio nonvoting member;

34 (d) The Executive Director of the Mississippi Municipal
35 League, or a designee;

36 (e) The State Auditor, or a designee, to assess
37 financial oversight concerns;

38 (f) A representative from a Mississippi municipality
39 with a population over fifty thousand (50,000), appointed by the
40 Governor;

41 (g) A representative from a Mississippi municipality
42 with a population under fifty thousand (50,000), appointed by the
43 Governor;

44 (h) The Executive Director of the Mississippi Economic
45 Council, or a designee; and



46 (i) The Executive Director of the Business and Industry
47 Political Education Committee, or designee.

48 Appointments made under this section shall be made within
49 thirty (30) days of the effective date of this act.

50 **SECTION 3.** (1) At its first meeting, the committee shall
51 elect a chairperson and vice chairperson from among its members
52 and shall establish rules for transacting business and keeping
53 records.

54 (2) The committee shall meet as necessary and report its
55 findings and recommendations to the Legislature no later than
56 December 1, 2025.

57 (3) A majority of committee members shall constitute a
58 quorum for conducting business.

59 **SECTION 4.** (1) The Mississippi Department of Revenue shall
60 provide necessary staff and logistical support to the committee.

61 (2) To achieve its objectives, the committee may request
62 data, analysis and assistance from any state agency, division or
63 political subdivision.

64 **SECTION 5.** The Sales Tax Diversion Study Committee shall
65 dissolve on or before January 1, 2026, unless extended by the
66 Legislature.

67 **SECTION 6.** This act shall take effect and be in force from
68 and after July 1, 2025.

