



# MISSISSIPPI DEPARTMENT OF REVENUE

Sales and Use Tax Bureau

Notice 72-23-14

August 14, 2023

## NOTICE TO CITIES REGARDING USE TAX MODERNIZATION UPDATES

Senate Bill 2842 of the 2023 Regular Session amends section 27-65-35, Mississippi Code of 1972, which creates special funds in the state treasury to be used to provide monies to assist municipalities and counties in paying costs associated with road and bridge improvements and, for municipalities, water and sewer infrastructure improvements.

### UPDATES FOR USE TAX MODERNIZATION FOR CITIES

- Storm water and drainage improvements shall now be included in the repair, maintenance and/or other improvements to water and sewer infrastructure.
- These monies shall not be used for salaries, benefits, or any form of compensation for employees, or for contract employees, administrative costs, debt service except as provided in subsection § 27-67-35(1)(a).
- These monies shall not be used for personal property or equipment (other than equipment to be permanently installed as part of a road or bridge).
- These monies shall not be used for the construction or maintenance of public buildings or other structures that are not integral to the system of roads and bridges.
- The city "Base Expenditures" will be recalculated using the average annual expenditures made by a municipality for the two-year period beginning October 1, 2020, and ending September 30, 2022. The updated city base expenditure form is due November 15, 2023.
- Beginning July 1, 2023, and each succeeding July 1 thereafter, the amount of the base expenditures shall be adjusted and compounded annually by increasing or decreasing such amount by a percentage amount that is equal to the lesser of one-half percent (0.5%) or to the United States inflation rate for the previous calendar year ending on December 31 as certified by the department.

If you have any questions, please contact the Sales Tax Department at 601-923-7015.