



MISSISSIPPI DEPARTMENT OF REVENUE

Sales and Use Tax Bureau

Notice 72-25-04

July 1, 2025

NOTICE TO CITIES REGARDING USE TAX MODERNIZATION UPDATES

House Bill 1, as passed during the 2025 Regular Session of the Mississippi Legislature, 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

- The list of items for which cities may expend use tax from the Mississippi Infrastructure Modernization Act of 2018 now includes **“acquisition and/or rehabilitation of buildings.”**
- The city “Base Expenditures” will be recalculated for the two-year period beginning October 1, 2020, and ending September 30, 2022, using the average annual expenditures made by a municipality to include:
 - Repair, maintenance and/or reconstruction of roads, streets and bridges,
 - Acquisition and/or rehabilitation of buildings, and
 - Repair, maintenance and/or other improvements to water infrastructure and sewer infrastructure,

The updated city base expenditure form is due November 15, 2025.

Annual Use Tax Modernization Expenditure Reports are submitted online through the Mississippi Department of Revenue’s TAP website tap.dor.ms.gov. When logged into the city TAP account, select **MORE ACTIONS**. Under the section **DISTRIBUTION INFORMATION**, you will select **CITY USE MODERNIZATION FORM**. The city will enter the required annual expenditure information and submit the report. This DOES NOT apply to County Use Tax Modernization Expenditure Reports that are filed annually in May.

The actual expenditure totals for the city fiscal year ending September 30, 2025, should be submitted by November 15, 2025. The Department will use these expenditure totals in calculating the city’s January and July 2026 payments.

INFORMATION REQUIRED FROM CITIES NO LATER THAN November 15, 2025:

- Updated City Base Expenditure Form for the two-year period beginning October 1, 2020, and ending September 30, 2022
- Annual Use Tax Modernization Expenditure Report for annual expenditures ending September 30, 2025.

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