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September 12, 2018

Report to the Mississippi Legislature

A Review of Local Special Tax Levies

PEER: The Mississippi Legislature's Oversight Agency

The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER Committee) by statute in 1973. A joint committee, the PEER Committee is composed of seven members of the House of Representatives appointed by the Speaker and seven members of the Senate appointed by the Lieutenant Governor. Appointments are made for four-year terms, with one Senator and one Representative appointed from each of the U.S. Congressional Districts and three at-large members appointed from each house. Committee officers are elected by the membership, with officers alternating annually between the two houses. All Committee actions by statute require a majority vote of four Representatives and four Senators voting in the affirmative.

Mississippi's constitution gives the Legislature broad power to conduct examinations and investigations. PEER is authorized by law to review any public entity, including contractors supported in whole or in part by public funds, and to address any issues that may require legislative action. PEER has statutory access to all state and local records and has subpoena power to compel testimony or the production of documents.

PEER provides a variety of services to the Legislature, including program evaluations, economy and efficiency reviews, financial audits, limited scope evaluations, fiscal notes, special investigations, briefings to individual legislators, testimony, and other governmental research and assistance. The Committee identifies inefficiency or ineffectiveness or a failure to accomplish legislative objectives, and makes recommendations for redefinition, redirection, redistribution and/or restructuring of Mississippi government. As directed by and subject to the prior approval of the PEER Committee, the Committee's professional staff executes audit and evaluation projects obtaining information and developing options for consideration by the Committee. The PEER Committee releases reports to the Legislature, Governor, Lieutenant Governor, and the agency examined.

The Committee assigns top priority to written requests from individual legislators and legislative committees. The Committee also considers PEER staff proposals and written requests from state officials and others.

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The Mississippi Legislature

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September 12, 2018

Honorable Phil Bryant, Governor
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On September 12, 2018, the PEER Committee authorized release of the report titled *A Review of Local Special Tax Levies*.

A handwritten signature in cursive script that reads "Videt Carmichael".

Senator Videt Carmichael, Chair

This report does not recommend increased funding or additional staff.

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A Review of Local Special Tax Levies

Executive Summary

Introduction

Although MISS. CODE ANN. Sections 19-3-40(3)(a) and 21-17-5(2)(a) (1972) prohibit county and municipal governing authorities from levying taxes of any kind or increasing the levy of any authorized tax unless specifically authorized by another state statute, a county or municipal governing authority wanting to utilize an additional funding source for tourism or other development may present a request to the Legislature for a bill providing specific authority for such taxation within its jurisdiction.

Commonly, special tax levy legislation will specify a stated purpose, tax jurisdiction, tax rate, and covered businesses and individuals; provide for administrative organization and oversight; and often assign a repealer date. In Mississippi these taxes have been levied for the following general purposes:

- promotion of the locality;
- tourism development;
- recreation development;
- fostering retirement communities;
- local and/or regional infrastructure debt service for acquisition, repair, or upgrades;
- business attraction in the form of industrial park or convention center construction; and
- indebtedness of municipalities.

Background

Since 1972, and as of July 1, 2018, 88 local tourism and economic development taxes are currently authorized by the Legislature, with 82 approved locally and in effect throughout the state. Entities conducting business in lodging, prepared food and beverage, and alcohol sales are subject to these taxes.

In total, for federal fiscal year¹ 2017, special tax levies generated more than \$96 million. This includes county and city jurisdictions and joint initiatives.

Businesses subject to special tax levies remit these collections to the Department of Revenue as part of their normal sales tax

¹Counties and municipalities follow the federal government fiscal calendar, October 1–September 30.

submissions, whereupon the DOR will process these filings and remit the proceeds, minus a 3% administrative processing fee, to the appropriate local governing authority. If required under the provisions of a special tax levy, these funds will be transferred to a designated administrative body (such as a board, partnership, or commission).

Although state laws and regulations do not give the Mississippi Development Authority the power or responsibility to oversee or coordinate the programs or activities of local tourism and economic development entities, in its promotion of the state collectively, the MDA effectively bolsters the tourism and economic development efforts of local jurisdictions.

Observations on Local Special Tax Levies in the State

As previously noted, since 1972 and through June 30, 2018, the Legislature has granted authority for the implementation of 88 local special tax levies for local tourism and economic development taxes:

- 74 special tax levies imposed on municipalities, and
- 14 special tax levies imposed on a countywide basis.

However, only 82 tax levies were being collected as of that same date (Appendix A, page 31). During the 2018 Regular Legislative Session, the Legislature authorized six new special tax levies for municipalities, but until all actions necessary for approval are taken at the local level, i.e., ratification by the local governing authority or by popular referendum, these levies will not be enforced, collected, and remitted to the Department of Revenue. See Appendix B, page 47.

Local tourism and economic development taxes contain considerable individualization in their authorizing legislation, local focus, and means of collection. Although they share a common basic legislative construction, they can be structured to include provisions that address locality-specific requests. When implemented, these taxes can be expended, if allowed under authorizing statute, by governing authorities for such goals as quality of life improvements in the community, development of economic areas/industrial parks, or securing bonds for capital-spending projects.

In review of the 82 local special tax levies being collected in the state as of July 1, 2018, PEER observed characteristics in structure and content that could impede a jurisdiction's success in meeting its objectives, including an inability to articulate the locality's specific goal and the amount of resources needed or repealer dates, as well as inexact methods for making budget and expenditure projections and a lack of metrics to assess the effectiveness of these tax levies.

State law does not provide for procedures, nor do local governing authorities have a method, for determining whether all businesses are collecting and remitting the correct amount of special tax levy

revenue to the Department of Revenue for distribution to the specified local governing authority.

No specific procedures exist—at state or local levels—to ensure a local business’s accurate collection and remittance of special tax levies to the Department of Revenue and distribution to the locality for its specified purposes.

The only state-level control in place to determine whether businesses are remitting the correct amount of tax revenues is the DOR’s normal sales tax audit program; however, it audits only 3% of registered businesses statewide each year in normal sales tax audits, and, of these audits, approximately 85% generate a noncompliant result. This may indicate that local governing authorities are not receiving all funds that should be generated under the special tax levies.

Furthermore, each local tourism and economic development tax’s authorizing legislation specifies broad areas for which expenditures may be used. Beyond these broad specifications, local governing authorities must establish internal controls to ensure proper expenditure of collected funds and audit of funds collected.

Conclusion

PEER conducted this review when legislators questioned whether a more uniform or efficient method might be authorized to support localities in tourism and economic development efforts.

Rather than authorizing legislation by locality, the Legislature could choose to provide general law authority for the creation of tourism and development taxes or authorize a uniform general levy for the support of communities.

The current practice of enacting local and private legislation to support tourism and development produces considerable variation in the types of establishments required to pay taxes and the rates charged. Other differences also occur regarding the management and oversight of such funds. Should the Legislature find this lack of uniformity problematic, or consider the committee time spent on considering individual local and private bills to be inefficient, there are at least two alternatives that would obviate the necessity of enacting local and private legislation.

In the past the Legislature has enacted general legislation enabling counties or localities to establish such entities as economic development districts and fire protection districts supported by dedicated levies. The Legislature could pass general legislation on this subject and make it applicable to local tourism taxes and administration originally adopted after the passage of the general law or to any levy that repeals after the enactment of the general law.

This approach places the burden on the Legislature to enact in general law legislation addressing all pertinent issues associated with the levying, management, and use of sales tax receipts, including clear definitions of terms, taxable businesses, tax structure, custody of funds, spending authority and whether a board or commission will be necessary to direct these

expenditures, and parameters for what localities can spend these taxes on.

However, local and private legislation can be tailored to the unique needs of a locality. Use of local and private legislation to authorize levies and create the management responsibilities for the funds results in local communities receiving the mixture of revenue and accountability they require.

Alternatively, the Legislature could consider repealing provisions for local tourism and economic development taxes and allow for the passage of a general local sales tax option that would allow city or county governing authorities to implement special purpose taxes without legislative authorization. Localities could utilize the funds generated from these local sales taxes for whatever residents deemed appropriate (e.g., infrastructure, tourism and recreation, or economic development). In addition, this would represent a more transparent tax environment for local consumers than the current format, which purports to tax tourists but can also tax residents.

Although such taxes could benefit localities considerably, they are not without drawbacks. Several municipalities in the state attract large numbers of people who pay sales taxes for items purchased at large regional malls and shopping centers. Such purchasers often utilize little in the way of local services, yet bear a considerable portion of the burden for paying for general city services. This could make general sales tax a potentially contentious issue if the Legislature considered its adoption.

Further, if such taxes were to be levied, it would also appear necessary to provide that no local government should be allowed to enact such a tax unless it takes all legal action necessary to terminate collection of any tourism tax for which it has obtained authority to levy.

Passage of a general law or, if current practice continues, establishment of provisions for uniformity in budget oversight, repealer requirements, and key language would provide for more streamlined and consistent imposition of local tourism and economic development taxes.

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A Review of Local Special Tax Levies

Introduction

Authority

The PEER Committee, under its authority found in MISS. CODE ANN. § 5-3-51 et seq. (1972), reviewed local governing authorities' use of tourism and economic development taxes.

Scope and Purpose

PEER sought to identify the special tax levies in effect in the state for collection and use by county and municipal governing authorities and to determine whether an alternative method might be used to provide more uniformity and efficiency in the authorization of such legislation.

Method

In conducting this review, PEER

- reviewed relevant sections of state laws and rules, regulations, policies, and procedures for various created taxing authorities;
- interviewed staff of the Mississippi Development Authority, Mississippi Office of State Auditor, Mississippi Department of Revenue, and select local entities with local special tax levies currently in place; and
- analyzed relevant administrative and financial records of the selected taxing entities, including the following:
 - financial statements,
 - audit reports,
 - expenditure documentation,
 - feasibility studies,
 - project plans, and
 - advertisements.

Background

This chapter addresses the following questions:

- What are local special tax levies and how are they authorized?
- How many local special taxes are authorized in the state, and on what are they imposed?
- How much revenue is generated through local special tax levies?
- How are revenues from local special taxes collected and remitted to the appropriate governing authority?

What are local special tax levies, and how are they authorized?

Authorized by the Legislature, local jurisdictions collect special tax levies, commonly for purposes of tourism and economic development.

Local special tax levies assess additional taxes on purchases from business entities, such as hotels, motels, and restaurants, for purposes of local projects and community improvements, e.g., promoting tourism and economic development or enhancing parks and recreational facilities.

Although MISS. CODE ANN. Sections 19-3-40(3)(a) and 21-17-5(2)(a) (1972) prohibit county and municipal governing authorities from levying taxes of any kind or increasing the levy of any authorized tax unless specifically authorized by another state statute, a county or municipal governing authority wanting to utilize an additional funding source for tourism or other development may present a request to the Legislature for a bill providing specific authority for such taxation within its jurisdiction.

Permitted under Article 4, Sections 87-90 of the MISSISSIPPI CONSTITUTION, the power to grant county and municipal governments taxing authority generally² falls within the purview of the House of Representative's Committee on Local and Private Legislation and the Senate's Local and Private Committee. A request for a specific special tax levying authority must be introduced by a member of the Legislature. Any such bills introduced will be approved or denied as prescribed by the rules of order relating to each chamber, and, if passed by each legislative chamber, presented to the Governor for final action.

Upon approval by the Governor, the special tax levy requires final approval from the requesting locality, either by ratification by the local governing authority or popular referendum.³ After approval,

²Several older local tourism and economic development statutes were passed as general sales tax law measures but were written with such specificity that although applicable to the state collectively only a single local governing authority would meet the qualifications to adopt such legislation. For example, S.B. 2332 amendment, passed in 1972, to the general sales tax law, stated that the Warren County Tourism Promotion Commission could use funds derived from a tax levied "from every person in any county located on the Mississippi River in which there is located a national park and national cemetery."

³In each local tax levy legislation law allowing for implementation by ratification of the local governing authority, such tax law also contains a provision wherein the residents of the impacted tax levy

the local governing authority notifies the Department of Revenue (DOR) and provides to it a copy of the resolution adopting the local tax levy. Collection on such a tax will commence on the date specified in the bill.

Commonly, special tax levy legislation will specify a stated purpose, tax jurisdiction, tax rate, and covered businesses and individuals; provide for administrative organization and oversight; and often assign a repealer date. In Mississippi these taxes have been levied for the following general purposes:

- promotion of the locality;
- tourism development;
- recreation development;
- fostering retirement communities;
- local and/or regional infrastructure debt service for acquisition, repair, or upgrades;
- business attraction in the form of industrial park or convention center construction; and
- indebtedness of municipalities.

How many local special tax levies are authorized in the state currently, and on what are they imposed?

Since 1972, and as of July 1, 2018, 88 local tourism and economic development taxes are currently authorized by the Legislature, with 82 approved locally and in effect throughout the state. Entities conducting business in lodging, prepared food and beverage, and alcohol sales are subject to these taxes.

Businesses subject to local special tax levies represent three main categories of commerce—lodging, prepared food and beverage, and alcohol sales. In its request, the local governing authority specifies the amount of the tax it seeks and the parameters for what businesses and transactions will be affected and how long the tax will remain in place. Administration and oversight fall to the local jurisdiction as well.

Since 1972, and as of July 1, 2018, the Legislature has granted authority for the implementation of 88 current local special tax levies for tourism and economic development:^{4, 5}

- 74 special tax levies imposed on municipalities, and
- 14 special tax levies imposed on a countywide basis.

jurisdiction may petition the governing authority to put the final approval of such a measure to a popular referendum. However, the current legislative trend requires a direct popular referendum.

⁴Included in the 88 local tourism and economic development tax levies are two general local sales tax levies: Tupelo has 0.25% local sales tax to repay bond debt associated with the water treatment facilities and Wellspring Project industrial development, and Jackson has a 1% infrastructure development sales tax levy.

⁵On July 1, 2018, six additional municipal special tax levies expired as a result of nonrenewal of their authorizing legislation.

Although 88 local special tax levies have been authorized by the Legislature, only 82 of them were being collected as of July 1, 2018, as six had yet to receive local approval.⁶

How much revenue is generated through local special tax levies?

In total, for federal fiscal year 2017, special tax levies generated more than \$96 million. This includes county and city jurisdictions and joint initiatives.

For federal fiscal year (FFY) 2017,⁷ there were 82 individual local special tax levies and three joint special taxes collected, generating more than \$96 million in revenue.

During this period, local special tax levies ranged from 0.25% to 3% of gross proceeds of hotels, motels, and restaurants. The cities of Natchez, Como, Newton, and Jackson imposed specific dollar amounts—\$2, \$1, \$1, and \$0.75, respectively, per day for each occupied room on hotels or motels, with Jackson specifying the establishment must have more than 10 rooms.⁸ Prepared food sales and alcoholic beverages were taxed under similar locality-specific parameters. (See pages 11–20 for more information regarding specific local variations, and Appendices A and B, pages 31–48, for defining tax rates, purposes, etc., for all local special tax levies in effect as of July 1, 2018.)

For FFY 2015 through FFY 2017, revenues from all local special tax levies totaled \$275,167,968.07—an average of \$91,722, 656.02 for the three-year span (see Exhibit 1, pages 5–6).

The following examples illustrate the differing criteria that local authorities apply to special tax levies, and the amounts that were collected under those criteria for FFY 2017:

- Meridian — 2% of gross proceeds of restaurant sales of prepared food and beverages: \$2,023,318.66;
- Moss Point—3% of gross proceeds from room rentals of hotels and motels: \$258,359.42;
- Holly Springs—2% of gross proceeds from hotels/motels⁹ and restaurants,¹⁰ including alcohol sales and prepared foods—\$346,200.83.

⁶As of July 1, 2018, Clinton, Hattiesburg, Moss Point, Richland, and Vaiden’s local special taxes had not been locally approved. Pearl’s Tourism, Parks, and Recreation Tax was approved July 24, 2018, and collections began September 1, 2018.

⁷Counties and municipalities follow the federal government fiscal calendar, October 1–September 30.

⁸These rates are still in effect as of July 1, 2018.

⁹Having six or more rooms.

¹⁰Includes catering.

Exhibit 1. Net Special Tax Proceeds Remitted to Counties and Cities, Federal Fiscal Years 2015–2017*

COUNTY	FFY 2015	FFY 2016	FFY 2107
Coahoma County Tourism & Convention Tax	\$ 406,865.87	\$ 401,568.91	\$ 395,896.23
Desoto County Convention Tourist Promotion Tax	7,012,491.32	8,361,760.38	8,545,836.08
Hancock County Tourism Tax	123,287.95	126,376.24	132,230.54
Harrison County Coliseum-Convention Center Tax	3,737,595.22	4,103,300.93	4,150,328.29
Lauderdale County Tourism Commission Tax	785,820.78	806,190.59	785,043.83
Lowndes County Special Tax	151,818.98	108,300.67	108,143.41
Montgomery County Coliseum & Tourism Tax	41,545.29	46,210.93	109,005.52
Rankin County Tourism Tax	942,760.20	1,049,560.88	1,037,527.94
Stone County Economic Development & Tourism Tax	408,984.54	401,578.69	443,278.04
Tishomingo County Promotion Tax	60,866.46	23,746.34	21,409.41
Tunica County Special Tax	1,700,879.53	1,702,938.83	1,651,979.49
Warren County Tourism Promotion Tax	1,159,870.53	1,214,990.67	1,166,723.75
Washington County Board of Supervisors	220,384.87	229,023.88	209,929.77
Washington County Tourist Promotion Tax	702,612.16	686,139.46	719,380.23
Yazoo County Tourist & Convention Tax	462,758.93	469,559.71	533,338.35
CITY	FFY 2015	FFY 2016	FFY 2107
Aberdeen Tourism & Convention Tax	77,523.56	88,096.20	89,971.90
Baldwyn Tourism Tax	141,118.55	139,841.50	139,594.30
Batesville Tourism & Economic Development Tax	1,189,437.58	1,240,737.86	1,273,730.68
Bay Springs Hotel & Motel Tax	3,679.92	3,953.12	2,901.36
Booneville Tourism, Parks & Recreation Tax	-	-	1,884.16
Brandon Tourism, Parks & Recreation Tax & Brandon Amphitheatre & Ancillary Improvement Tax	977,435.79	1,058,775.55	1,081,258.76
Brookhaven Tourism, Parks & Recreation Tax	91,274.89	86,866.97	148,556.24
Byhalia Tourism, Parks & Recreation Tax	15,346.17	13,168.58	2,198.00
Byram Tourism Parks & Recreation Tax	-	-	3,342.06
Canton Tourist Convention Tax	641,777.01	623,414.48	615,188.44
Carthage Recreation & Tourism Tax	-	-	230,429.13
Cleveland Economic Development Tax	774,536.22	798,589.79	868,028.01
Clinton Tourism Tax	123,805.16	169,617.27	188,120.55
Columbus Tourism	1,952,886.21	2,121,045.16	2,094,965.64
Como Special Tax	-	424.20	435.18
Como Tourism Parks & Recreation Tax	11,830.59	70,471.62	71,365.84
Corinth Area Tourism Promotion Tax	1,268,166.63	1,342,688.88	1,345,113.97
Florence Economic Development & Recreational Facilities Tax	280,635.11	322,865.43	318,380.81
Flowood Tourist & Recreation Tax	2,285,004.16	2,653,653.59	2,724,798.94
Fulton Tourism Tax	57,009.54	58,722.07	66,694.61
Greenwood Tourist & Convention Tax	425,646.68	430,837.22	449,051.92
Grenada Tourism Tax	532,641.12	523,101.16	513,240.49
Hattiesburg Tourism & Convention Promotion Tax	5,432,650.67	5,499,854.42	5,831,113.78
Hernando Tourism & Economic Development Tax	21,585.10	36,369.19	35,338.32
Holly Springs Recreation & Public Improvement Promotion Tax	314,821.97	335,626.80	346,200.83

CITY (cont'd)	FFY 2015	FFY 2016	FFY 2107
Horn Lake Special Tax	-	235,387.90	271,229.65
Horn Lake Tourism & Economic Development Tax	293,527.63	65,428.83	-
Houston Parks & Recreation & Community Economic Development Tax	-	-	187,332.11
McComb Tourism, Parks & Recreation Tax	308,929.06	233,405.31	235,459.33
Meridian Southern Arts & Entertainment Tax	-	-	2,023,318.66
Moss Point Tourism Tax	291,314.63	266,595.79	258,359.42
Natchez Convention & Tourism Tax	1,301,169.90	1,338,222.13	1,301,033.12
Natchez Special Tax	385,755.80	403,119.89	379,083.11
New Albany Tourism Tax	701,684.31	748,106.41	838,731.42
Newton Special Tax	9,381.25	10,149.70	10,951.01
Ocean Springs Restaurant Tax	1,185,848.36	1,261,198.34	1,307,390.22
Ocean Springs Tourism & Economic Development Tax	35,751.15	39,417.88	47,153.81
Oxford Stadium Construction Tax	2,554,091.87	2,847,759.02	3,149,174.82
Oxford Tourism & Economic Development Tax	302,942.58	417,725.73	466,379.26
Pascagoula Tourism, Economic Development, Parks & Recreation Tax	157,134.93	161,151.18	747,611.41
Pearl Restaurant Tax	776,270.79	743,139.22	674,236.13
Philadelphia Tourism & Economic Development Tax	105,363.48	101,709.53	91,273.02
Picayune Tourism & Economic Development Tax	462,273.38	473,422.17	461,140.07
Pontotoc Tourism & Retirement Tax	387,361.92	402,058.99	436,213.86
Richland Economic & Community Development Tax	401,850.96	404,183.76	412,718.31
Ridgeland Tourist & Convention Tax	1,610,514.16	1,650,940.96	1,673,739.79
Ripley Tourism Tax	276,791.51	287,832.42	306,241.03
Sardis Tourism Tax	96,836.96	107,138.05	116,361.90
Senatobia Tourism, Parks & Recreation Tax	411,542.72	455,252.05	466,045.46
Southaven Tourism, Convention & Restaurant Tax	2,212,540.25	1,900,904.76	1,624,382.92
Starkville Tourism & Convention Tax	1,836,425.64	1,952,290.60	1,974,991.48
Tupelo Convention & Tourism Promotion Tax	4,001,652.83	4,223,696.24	4,341,273.30
Tupelo Water Facilities Tax	3,190,115.99	3,428,002.79	3,402,342.14
Vicksburg Convention Tourism Promotion Tax	518,811.93	577,380.49	535,663.56
West Point Special Tax	251,419.42	251,464.51	280,239.05
Winona Recreation, Tourism, Parks & Economic Development Tax	-	-	165,285.74
JOINT	FFY 2015	FFY 2016	FFY 2107
MS Gulf Coast Convention & Visitors Bureau Tax	3,057,861.16	3,844,059.98	3,935,094.32
Starkville-Oktoberfest Tourism Tax	303,269.48	300,866.82	287,824.03
West Point-Clay County Special Tax	251,100.81	249,063.26	280,236.92
TOTAL	\$86,861,098.50	\$91,838,877.02	\$96,467,992.55

*NOTE: The Department of Revenue consolidates taxes within jurisdictions (e.g., Brandon) for recordkeeping purposes. Therefore this list may not reflect all taxes in effect for FFY 2017.

SOURCE: Mississippi Department of Revenue.

How are special tax revenues collected and remitted to the appropriate governing authority?

Businesses subject to special tax levies remit these collections to the Department of Revenue as part of their normal sales tax submissions, whereupon the DOR will process these filings and remit the proceeds, minus a 3% administrative processing fee, to the appropriate local governing authority. If required under the provisions of a special tax levy, these funds will be transferred to a designated administrative body (such as a board, partnership, or commission).

The legislatively identified businesses operating in jurisdictions that impose local special tax levies are to collect and file these additional taxes as part of the general sales tax provisions found in state law. To accomplish this, the Department of Revenue requires that all businesses operating in the state register on the electronic Mississippi Taxpayer Access Point. After creation of a business account on that site, the DOR databases will automatically populate the appropriate tax schedule applicable to that business based on its location and NAICS¹¹ codes. The business will then collect and remit all applicable taxes to the DOR within 20 days following the end of the reporting period.¹²

Upon receipt of all sales tax (general and special levy) from a business, the DOR will segregate those special levy revenues, retaining a 3% administrative processing fee, for transmission to a legislatively designated local governing unit at either the county or municipal level by the 15th day of the following month. If the special tax revenues are to be utilized by a board, partnership, or commission,¹³ either the county or municipal governing authority will then transfer those funds to the board's, commission's, or partnership's operating account within 30 days. See collection and remittance cycle in Exhibit 2, page 8.

The Department of Revenue acts as the rulemaking body for tax laws in the state. In such capacity, it develops policy and procedures for collecting and remitting taxes to the appropriate governing authorities and develops definitions that will be uniformly applied to all taxable entities within the state in enforcement and appeal applications.

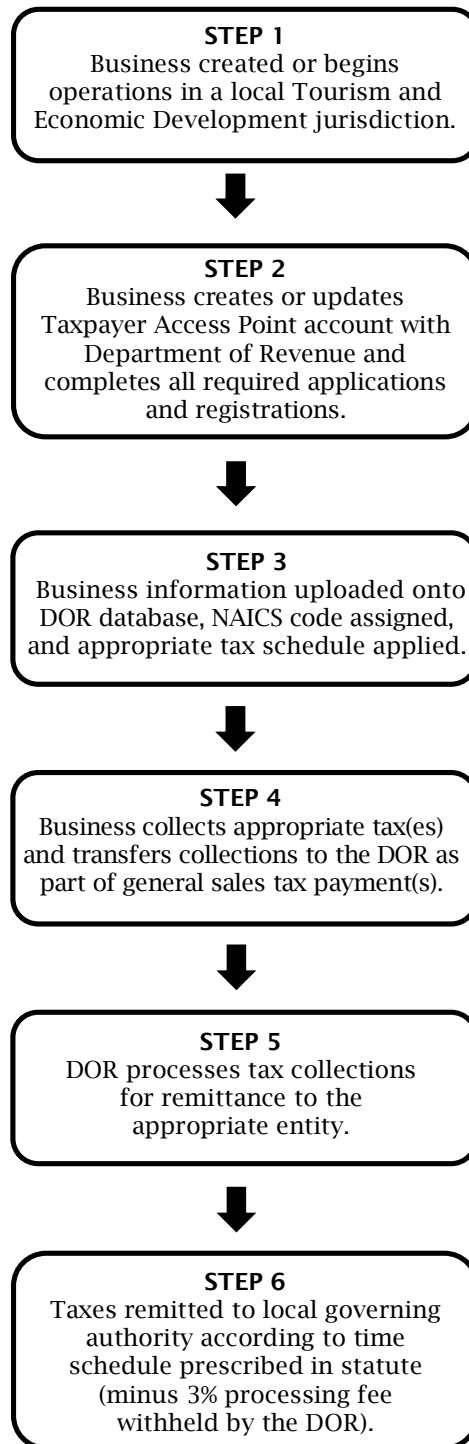
In addition, the Department of Revenue's audit and investigative division reviews tax collection submissions by businesses and individuals for compliance with state law. Investigations and audits can be triggered by irregularities observed in DOR records, complaints and notices by public officials in special tax levy areas, or by private citizens in special tax levy areas.

¹¹The North American Industry Classification System (NAICS) is the standard used by federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data to the U.S. business community.

¹²MISS. CODE ANN. Section 27-65-33.

¹³Boards, partnerships, or commissions are nongovernmental entities created in the authorizing legislation for certain special tax levies to administer and manage the allocation of special tax revenues. Included in such organization titles are council, bureau, foundation, committee, trustee, or authority.

Exhibit 2: Local Tourism and Economic Development Tax Collection and Remittance Cycle



SOURCE: PEER analysis.

Do local governing authorities collecting special tax levies coordinate with the Mississippi Development Authority on their use?

Although state laws and regulations do not give the Mississippi Development Authority the power or responsibility to oversee or coordinate the programs or activities of local tourism and economic development entities, in its promotion of the state collectively, the MDA effectively bolsters the tourism and economic development efforts of local jurisdictions.

Under state laws and regulations, the Mississippi Development Authority (MDA), the state's lead tourism agency, does not have the authority or responsibility to oversee or coordinate the programs and activities of local tourism and economic development entities. Accordingly, the MDA does not attempt to direct all tourism efforts in the state nor oversee or direct local tourism efforts and advertising.

Under MISS. CODE ANN. Section 57-1-59 (1972), MDA's primary duties and responsibilities are to promote the state and tourism in the state in aggregate. The MDA's statutory duties and responsibilities include the following:

- *To promote and advertise the image of Mississippi both within and without the boundaries of this state;*
- *To promote and advertise fairs and similar activities of interest to tourists and the traveling public;*
- *To promote and advertise the use of wildlife and natural areas by tourists and the traveling public;*
- *To promote and advertise the use of state recreational and park facilities by tourists and the traveling public;*
- *To promote and advertise all resources of the State of Mississippi as attractions to tourists and the traveling public; and*
- *To develop and maintain an extensive media program to adequately inform the national and international consumer about Mississippi.*

As part of the agency's efforts to fulfill these statutory mandates, MDA's Tourism Division promotes Mississippi through a "Visit Mississippi" advertising campaign and associated website. MDA's efforts promote the state collectively and thereby supplement local tourism efforts. Occasionally, to reduce its costs for an advertising program, the Mississippi Development Authority will enter into cooperative agreements with local tourism-related entities to purchase national advertising that promotes the state of Mississippi but also features select localities. During FY 2017, the MDA participated in four cooperative agreements with 12 tourism-related entities for advertising in seven national publications.

The Mississippi Development Authority does offer localities limited grant assistance through tourism development grants and tourism matching grants:

- Tourism development grants — Assist and promote local festivals and events that the MDA believes have the potential to grow substantially within three years. As part of the grant

requirements, the local tourism entity or local government unit must submit to the MDA a letter of support for the festival or event. Also, the festival or event must be structured to attract overnight visitation and promote the culture and history of Mississippi. The MDA pays the grants in arrears, i.e., the requesting entity must first expend the funds for covered expenses and then seek reimbursement. During FY 2018, the MDA received 130 grant applications and awarded 41 grants totaling \$305,198.

- Tourism matching grants — Promote travel to and/or within the state, have a broad appeal to markets targeted beyond the local area, and make an economic impact on the area through tourism. Grant applicants must demonstrate that the project or event will create local employment opportunities, additional tax revenues, be of benefit to the community, and attract visitors from outside the area (either outside a 100-mile radius of the grantee applicant’s immediate area or out-of-state). Grant recipients must advertise through mass media, such as newspapers, magazines, radio, television, billboards, social media, and the Internet. Grantees are reimbursed 50% up to the grant amount on eligible expenses. The MDA offers tourism matching grants as funding allows. In FY 2015 the MDA awarded 34 grantees \$722,676, and in FY 2018 it awarded 22 grantees \$567,172.

In addition, the MDA annually publishes the “Tourism Economic Report,” which details the economic impact of tourism in the state. The report includes, by county, the estimated travel and tourism expenditures, employment from tourism, taxes generated from tourism, and tourism capital investment. Such information could be useful to local entities in measuring the countywide effectiveness of their tourism efforts.

Observations on Local Special Tax Levies in the State

This chapter addresses the following questions:

- What are the major characteristics and parameters of legislation establishing local special tax levies that promote tourism and economic development?
- What areas of concern does the administration of a local tourism and economic development tax levy present?
- What controls are in place to ensure that all taxes required by a special levy are being collected accurately?
- What controls are in place to ensure local governing authorities expend funds generated by a special tax levy in accordance with authorizing legislation?

What are the major characteristics and parameters of legislation establishing local special tax levies that promote tourism and economic development?

As of July 1, 2018, the Legislature had authorized 88 local tourism and economic development tax levies to be currently in effect. These levies vary in their stated purpose, tax jurisdiction, tax rate, taxable business entities, administrative organization and oversight, and lifespan.

Through June 30, 2018, the Legislature had granted authority for the implementation of 88 local special tax levies for local tourism and economic development taxes:

- 74 special tax levies imposed on municipalities, and
- 14 special tax levies imposed on a countywide basis.

However, only 82 tax levies were being collected as of that same date. During the 2018 Regular Session, the Legislature authorized six new special tax levies for municipalities, but until all actions necessary for approval are taken at the local level, i.e., ratification by the local governing authority or by popular referendum, these levies will not be enforced, collected, and remitted to the Department of Revenue.

If not rejected, local approval of a special tax levy can take a significant amount of time. For example, the Brandon Amphitheatre and Ancillary Improvement Tax was passed by the Legislature during the 2016 Regular Session but did not receive final authorization from the local governing authority until June 13, 2017. In contrast, after being granted authority to adopt an additional local tourism and economic development tax during the 2018 Regular Session, the governing authorities of the City of Pearl approved a resolution for the tax levy to be included in a special election, which was voted on and approved by the residents on July 24, 2018. This tax was scheduled to begin collections September 1, 2018.

Varied Provision of Local Tourism and Economic Development Taxes

Local tourism and economic development taxes contain considerable individualization in their authorizing legislation, local focus, and means of collection. Although they share a common basic legislative construction, they can be structured to include provisions that address locality-specific requests. When implemented, these taxes can be expended, if allowed under authorizing statute, by governing authorities for such goals as quality of life improvements in the community, development of economic areas/industrial parks, or securing bonds for capital-spending projects.

Although the objectives of and stipulations for local tourism and economic development taxes are based on locality needs, enabling legislation for such taxes typically includes the following:

- stated purpose,
- tax jurisdiction,
- covered businesses and individuals,
- establishment of tax rate(s),
- provision for administrative organization and oversight, and
- definition of lifespan.

Stated Purpose

Local governing authorities request, and adopt, special tax levies for purposes that may approach a broad, loosely defined local goal, such as promoting tourism or economic development. They may also define a particular objective to be met through the levy, such as service and retirement of debt or provisions of funds for a designated purpose. For example, the Bay Springs Hotel and Motel Tax provides funds exclusively for the “operation and support of the Jasper County Livestock Facility.”

Exhibit 3, page 13, presents the categories of purposes as defined in the authorizing legislation of the 88 special tax levies currently authorized in the state.

Commonly, these levies incorporate several stated purposes (both general and targeted) in their authorizing legislation, allowing for greater flexibility in meeting the needs and goals of the community. For example, the Greenwood Tourist and Convention Tax stipulates its purpose as “activities which are...designed to attract conventions and tourists in the city.” However, it further stipulates where specific monies are to be expended:

... In addition to the use of the proceeds of the tax by the commission as authorized by this act, the commission shall annually donate no less than Two Thousand Dollars (\$2,000.00) to the Thompson Clemons Post 200 American Legion for the promotion of tourism.

Exhibit 3: Stated Purposes within Current Local Special Tax Levies

Purpose(s) of Tax Levies	Number of Jurisdictions
Tourism, Parks, and Recreation (or combination thereof)	34 (38%)
Tourism and Conventions (includes facility construction, maintenance, and operation and retirement of related debt)	22 (25%)
Tourism/Economic Development/Promote as Retirement Area (or combination thereof)	20 (23%)
Construction, Maintenance, and Operation of Nonconvention Facilities (and related debt)	11 (13%)
Infrastructure	1 (1%)

SOURCE: PEER analysis of local and private law.

The freedom granted by general spending purposes allows communities to expend funds to best meet their needs. However, this flexibility provides an opening for localities to use special tax funds for projects and activities other than those presented to and voted for by local residents. In the case of the Brandon Amphitheatre and Ancillary Improvement Tax, legislation was approved and local residents voted on a measure to allow a special tax to be collected for the purpose of retiring the debt associated with the construction of the city's amphitheater. Included in the authorizing legislation was a clause granting the governing authority of the City of Brandon to use these funds for both the debt associated with the amphitheater, but also for any indebtedness the city might incur. Although these funds have been dedicated to the debt service associated with the amphitheater construction by the current administration of city government, nothing prevents a future administration from siphoning these revenues into other city debt service funds. Although allowable under the law, this would be a departure from the original intent of the tax.

For more information on issues related to the impact of a lack of defined parameters for collection amounts and repealer dates, see pages 20-21.

Tax Jurisdiction

Local special tax levies apply to payments made to certain business entities—primarily hotels, motels, and restaurants. As previously stated, there are currently 74 levies authorized to raise special tax revenues within incorporated areas and 14 levies authorized to raise special tax revenues within counties of the state.

Special tax revenues from a countywide local tourism and economic development tax on hotels/motels, restaurants, and bars derive mainly from the taxing of individuals who live and

work in municipalities within the county. In these instances, such as with the Hancock County Tourism Tax, the county governing body has discretion to spend these funds in any ratio between the incorporated or unincorporated areas, as well as to a third party organization. Similarly, in situations like those found in the Flowood Tourist and Recreation Tax, local residents from unincorporated areas may be required to pay additional taxes as the result of municipal special tax levies on purchases in incorporated areas. The revenues generated from these special tax levies are expended exclusively in the incorporated area. Thus, conflicts over spending authority control, project control, or in working relationships between the local government and boards, partnerships, or commissions can emerge.

In one instance, this potential problem was addressed by dividing special tax revenue among the local governing units. The Lowndes County Tourism Tax is structured so that revenue generated from the unincorporated areas of the county are directed to the board of supervisors while revenues collected in incorporated areas are directed back to the incorporated area’s governing authority.

For more information on the conflicts related to administering local special tax levies, see pages 17-19.

Covered Businesses and Individuals

Enabling legislation also defines the types of businesses and individuals subject to the tax. With the exceptions of the two general local sales tax levies (Jackson and Tupelo), the taxes being collected as of July 1, 2018, in the state primarily apply to the generation of income from room rentals and the sale of prepared foods and beverages. Exhibit 4 details the frequency with which the currently authorized 88 local tourism and economic development levies tax these two business categories.¹⁴

Exhibit 4: Covered Businesses under Local Special Tax Levies

Business Type	Number of Jurisdictions
Hotel/Motel	71
Restaurant	62

NOTE: The total of affected businesses exceeds 88 because some special tax levies affect both business types.

SOURCE: PEER analysis of local and private law.

¹⁴The total of affected businesses in Exhibit 4 exceeds 88 because some special tax levies affect both business types.

As shown in Exhibit 5, approximately 89% of special tax levies apply only to hotels and motels, while eight other jurisdictions expand the tax to include other forms of lodging.

Exhibit 5: Types of Lodging Subject to Special Tax Levy Authorizing Legislation

Definition	Number of Jurisdictions
Hotel/motel*	63
Hotel/motel plus bed and breakfasts	2
Hotel/motel plus bed and breakfasts and inns	2
Hotel/motel plus private rentals	2
Hotel/motel plus recreational rentals	2

*Any place in the business of furnishing or providing one or more rooms intended or designed for dwelling, lodging, or sleeping purposes that at any one time will accommodate transient guests and that are known to the trade as such, but does not encompass any hospital, convalescent or nursing home, sanitarium, or any hotel-like facility operated by or in connection with a hospital or medical clinic providing rooms exclusively for patients and their families.

SOURCE: PEER analysis of local and private law.

The Legislature, on behalf of the locality, grants it the ability to tailor the definitions within a special tax levy of what will be a taxable business in a manner believed to generate appropriate revenue for the purposes intended. For example, within the “hotel/motel” category of taxable businesses, there are eight applications of the tax based on number of rooms (Exhibit 6).

Exhibit 6: Definitions of Hotel/Motel in Special Tax Levies by Number of Rooms

Minimum Room Count for Tax:	Number of Jurisdictions
1 or more	15
2 or more	1
4 or more	1
5 or more	10
6 or more	22
7 or more	2
10 or more	5
11 or more	15

SOURCE: PEER analysis of local and private law.

Locality-specific parameters also apply to the sale of food and alcohol. As shown in Exhibit 7, some jurisdictions' special tax levies apply only to prepared food served in restaurants, while other jurisdictions expand the definition to include other types of establishments selling prepared foods (e.g., convenience stores, service stations, or delicatessens).

Exhibit 7: Tax Classification for Restaurants

Restaurant Definitions	Number of Jurisdictions
Restaurant*	36
Includes drive-in and drive-thru locations	2
Includes convenience stores, service stations, and grocery stores	5
Includes delicatessens	2
Other dining locations**	12
Caterers	2

*A place where prepared food and beverages are sold for consumption, whether such food is consumed on premises or not, but does not include any: school, hospital, convalescent or nursing home, or restaurant-like facility operated by or in connection with a school, hospital, medical clinic, convalescent or nursing home providing food for students, patients, visitors or their families.

**Expands the definition of restaurants to include hotel and motel dining rooms, cafeterias, cafés, and lunch stands.

SOURCE: PEER analysis of local and private law.

Further, 14 jurisdictions only tax restaurant sales if they surpass \$100,000¹⁵ (Exhibit 8, page 17). Of these 14 jurisdictions, 11 included provisions within their legislation that consolidate the operational activity of a person, persons, or corporation owning multiple taxable businesses within a special tax area to determine whether an entity's operations meet the taxable threshold.

Five jurisdictions limited taxation of restaurants and convenience stores to those whose gross sales of prepared foods constituted more than 50% of their total gross sales. Three further included provisions stating a minimum size threshold (accommodating 25 or more) before a business became taxable.

¹⁵The \$100,000 threshold limitation is qualified within the enabling legislation of the special tax levy and applied to either the current or previous calendar year.

Exhibit 8: Jurisdictions with Income or Proceeds Thresholds

Income/Proceeds Threshold	Number of Jurisdictions
50% of earnings	5
\$100,000 in business during a year	14

SOURCE: PEER analysis of local and private law.

Tax Rates

The rates attached to each special tax jurisdiction and to businesses within them varied greatly in both the style of the tax rate and taxing threshold. Generally, local tourism and economic development tax rates were assigned at a 1%, 2%, or 3% rate for businesses in the tax area. These rates may be uniform across business types, or a tax may apply differing rates for different businesses within the tax jurisdiction or multiple tax rates for multiple businesses. For example, meals from restaurants may be subject to an additional 2% tax, with motels in the same jurisdiction subject to an additional 3% tax. Further reinforcing the individualized aspects of tax rate schedules within the state is a 0.25% sales tax rate for Tupelo and specific dollar amounts levied on the rental of hotel/motel rooms in some special tax jurisdictions. See Exhibit 9, page 18, for a breakdown by rate of tax applied.

Administrative Organization and Oversight

Localities determine the structure for management and control of the expenditure of revenues from local special levies. All authorizing legislation for the 88 tax levies authorized in the state as of July 1, 2018, have designated a local governing body to receive, budget, and expend the funds; however, the manner in which that is accomplished depends upon the jurisdiction (see Exhibit 10, page 19). Responsibility to administer funds may be placed with the county board of supervisors or board of aldermen of the tax area or a designated independent board, partnership, or commission.

In the case of boards, partnerships, or commissions, some required approval of their budgets by the local elected governing authority, whereas others need merely present their budgets to these bodies. Further exemplifying the variety in these special tax levies are controls put onto nongovernmental governing authorities. In instances where a board, partnership, or commission is designated as the controlling authority over these revenues, some statutes require a hybrid power-sharing arrangement in that these boards, partnerships, or commissions must gain final budget approval for each year's expenditures from one or more local government units before that board, partnership, or commission may make use of the revenues.

Exhibit 9: Tax Structures within Local Special Tax Levies (as of July 1, 2018)

Tax Rate Percentage	Number of Jurisdictions
3%	3
Not to Exceed 3%	8
Not to Exceed 2.5%	2
2%	13
Not to Exceed 2%	36
1%	8
Not to Exceed 1%	7
.25%	1
Specified Dollar Amount Per Night Lodging	Number of Jurisdictions
Not to Exceed \$2	1
\$1	1
\$0.75	1
Variable	Number of Jurisdictions
1%, 3%, and 3% ^a	1
3%, 1.5%, and \$2 ^b	1
3% and 1% ^c	1
2% and 1% ^d	1
Not to exceed 2% and not to exceed 1% ^e	2
Not to exceed 2% and \$1 ^f	1

^aJackson Capital City Convention Center Tax: 1% restaurants; 3% hotels/motels; 3% caterers at convention center

^bNatchez Convention and Tourism Tax: 3% hotels/motels; 1.5% restaurants and on-premises Alcoholic Beverage Control permit holders; \$2 per day each occupied hotel and motel room subject to the 3% assessment

^cPearl Tourism Parks and Recreation Tax: Not to exceed 3% room rentals for each hotel/motel; not to exceed 1% restaurants

^dCoahoma County Tourism and Convention Tax: 2% hotel/motel rooms; 1% restaurants

^eGrenada Tourism Tax: Not to exceed a 2% on hotels/motels; not to exceed a 1% restaurants; and Picayune Tourism and Economic Development Tax: Not to exceed 2% hotels/motels/bed and breakfasts; not to exceed 1% restaurants

^fComo Tourism, Parks, and Recreation Tax: Not to exceed 2% on restaurants and \$1 per night for each occupied room

NOTE: For complete information on these taxes, see Appendices A and B, pages 31-48.

SOURCE: PEER analysis of local and private law.

Of the 88 special tax levies authorized in the state, 31 include provisions requiring a board, partnership, or commission to be utilized as part of the administration and expenditure of these tax revenues. Sixteen of these special tax levies grant complete budgetary and operational autonomy to their respective boards, partnerships, or commissions with no external permission needed prior to taking a specific course of action. Within this sub-grouping of boards, partnerships, or commissions, additional

oversight safeguards have been enacted to require that 13 of the boards, partnerships, or commissions obtain budgetary approval each year from one local governing unit (either the county or municipal government), and three require approval from both local governing units within the special tax jurisdiction (both the county and municipal governments).

In localities where the county or city governments controlled expenditures, elected officials administer the funds as business of the governing body. In the board, commission, or partnership framework, appointments to these entities would be made from the local governing authorities of the local area and in some instances include requirements that industry and education representatives be included in the body’s composition, with some voting and nonvoting members.

Exhibit 10: Spending Authorities of Special Tax Levies (as of July 1, 2018)

Controlling Authority^f	Number of Jurisdictions
Municipal Governments (town, city, incorporated area)	50
County Board of Supervisors	6
Municipality/County split ^g	1
Board, Partnership, or Commission	31
Hybrid^h Models	Number of Jurisdictions
Municipalities with obligations ⁱ	13
Counties with obligations	4
Municipality/County split with obligations ^j	1

^fThe local body tasked with overseeing and administering revenues derived from local tourism and economic development taxes.

^gThe Lowndes County Convention Tax is levied on the county as a whole, but revenue collected will be split between incorporated and unincorporated areas of the county depending on the location of the place of business. The county or municipal government will then be the controlling entity of the revenues collected within their jurisdiction.

^hA subset of the Boards, Partnerships, and Commissions category. These arrangements require the coordination and cooperation (usually budget approval) between a created entity—i.e. a board, partnership, or commission—and a local government unit, i.e., county board of supervisors or board of aldermen. These arrangements may or may not require multiple budget approvals from the various entities involved.

ⁱSpecial tax levy collections must be spent on specific projects or require revenue sharing between multiple entities as outlined in authorizing legislation.

^jThe Stone County Economic Development and Tourism Tax is controlled and administered by the Stone County Economic Development Partnership, but requires budget approval of both the Stone County Board of Supervisors and the governing authorities of the City of Wiggins before the Partnership may expend any funds.

SOURCE: PEER analysis of local and private law.

Lifespan

Tax authorizing statutes often contain language pertaining to the life cycle of each special tax. Older special tax levies, generally those enacted during the period of 1972 to 1999, and special tax levies assigned to the maintenance of a facility or board, partnership, or commission are formulated so that the tax needs no authorization to be extended because it is for ongoing concerns, such as providing a guaranteed revenue stream to a particular tourism/recreational facility for its operation or a tourism/economic development initiative.

A slight majority, 53%, of statutes have definitive repealer dates attached to each special tax levy that will end the taxing authority of the locality unless that locality petitions the Legislature to renew the collection of the tax (Exhibit 11).

Exhibit 11: Repealer Dates Established in Enabling Legislation

Repeal Provision	Number of Jurisdictions
Repealer clause	42
No repealer clause	41
Conditional*	5

*Conditional repealers may apply to certain special tax jurisdictions that terminate the special tax levy at the conclusion of its specific stated purpose as outlined in the authorizing legislation. Conditional repealers are most commonly attached to project specific debt service.

SOURCE: PEER analysis of local and private law.

What areas of concern does the administration of a local tourism and economic development tax present?

In the 88 currently authorized special tax levies, PEER noted minimal ability of localities to anticipate the monetary amount required to accomplish specific goals or objectives or tailoring of termination dates to a stated cause or purpose. In addition, reliance on historical trends to set budgets and expenditures and failure to include metrics for determining progress toward objectives limits assessment of the effectiveness of local special tax levies.

In review of the 82 local special tax levies being collected in the state as of July 1, 2018, PEER observed characteristics in structure and content that could impede a jurisdiction's success in meeting its objectives, including an inability to articulate the locality's specific goal and the amount of resources needed or repealer dates, as well as inexact methods for making budget and expenditure projections and a lack of metrics to assess the effectiveness of these tax levies.

Lack of Upfront Program/Project Costs and Termination Dates

A lack of anticipated project/program costs or defined termination dates limits controlling entities' abilities to strategically plan for the use of special tax revenues or to set accurate budgets.

As discussed on page 3, each local tourism and economic development tax has components that define what taxes should be collected, from whom it should be collected, for what purpose these funds are to be expended, and how long the tax will be in effect. Tying the collection of special tax revenues to a finite purpose or plan (e.g., the service and retirement of bonds) helps to quantify the amount of special tax revenue sought. However, in practice, PEER identified no special tax levies that tied both specific dollar amounts for projects or purposes to specific termination dates. Special tax levies for construction projects tie future anticipated, but not quantified, bond amounts to a specific debt satisfaction date. Unquantified amounts may result from several factors, such as bond interest rates, unknown production/construction costs and mitigation efforts, and a locality's credit rating.

Lack of limits or targets on revenue collection tethered to specific projects or programs constitutes a metaphorical blank check for the controlling entity, hindering its ability to strategically plan for the use of special tax revenues or to set more accurate budgets and leaves localities susceptible to over- or underestimating the amount of revenue that will be needed to accomplish the goals set forth in statute (for more information on strategic plans and budgets, see pages 22–23). In addition, although not observed in practice, unknown project cost associated with debt service of bonds leaves open the potential for abuse should that locality refinance the bonds or pool the bonds with other city indebtedness to extend the life of the special tax levy beyond the original intent of the special tax levy.

Termination Dates Not Tailored to a Stated Cause or Purpose

When authorizing legislation does not tie a termination date to a specific purpose, the locality may lose its ability to collect and expend revenues from the tax.

In review of termination dates of current local special tax levies, PEER identified 42 special tax levies with repealer dates, 41 with no repeal provision, and five with stipulated repealer¹⁶ dates. The use of static or lack of termination dates can cause problems in collection and future usage of revenues.

During this review, PEER observed that Byhalia's Tourism, Parks, and Recreation Tax had a static termination date (a termination date that was assigned for a specific time in the future but not tied to any stated purpose or plan) and the date passed without an extension given. This had the effect of repealing the locality's legal ability to collect and expend tax revenues from the special tax levy. However, businesses in the area continued to collect these taxes

¹⁶Repealer dates/procedures that are outlined in the authorizing statute that will end the special tax levy when certain conditions are met.

and remit them to the DOR, which continued to remit them to the taxing authority, which continued to spend them, in violation of state law.¹⁷ Such a lapse can lead to complications in DOR sales tax audit recalculations and encumber a controlling entity's budgetary process. Setting a termination date tied to a stated purpose or clearly defined objective reduces the likelihood of a special tax levy's lapse without notice of the local government, the Mississippi Department of Revenue, and the Legislature.

In addition, as with unpredefined collection amounts, unlimited collection time frames could affect a controlling entity's ability to make optimal decisions about the use of special tax levy revenues. Establishing a time frame for a special tax levy's collection places a premium on utilization of those revenues in the present as it encourages development of strategic plans and results in more accurate budgeting.

Lack of Metrics to Assess Impact and Effectiveness

Failure to insert requirements into enabling statutes directing local governing authorities or controlling entities to develop criteria for assessing the impact of the expenditure of local special tax levies limits measurement of progress toward local objectives.

Strategic plans communicate an organization's goals, actions needed to achieve those goals, and other critical measures developed during the planning exercise. Lack of direction in the enabling statutes regarding the development of strategic plans for the utilization of local tourism and economic development tax revenues puts the onus for strategic plan development on the local governing authorities or controlling entities.

Without requirements in enabling statutes that direct local governing authorities or controlling entities to develop criteria for assessing the impact of the expenditure of local tourism and economic development taxes, any direction for development of these metrics must be generated by the local government or controlling entity. Thus, it would appear that the only way to assess the impact of special tax levy expenditures under these circumstances is through informal constituent opinion.

If controlling entities are expending funds without strategic plans to guide their efforts or impact studies to assess their effectiveness, funds may not be being expended as efficiently as possible. However, during this review PEER observed examples of local governing authorities engaged in formalized data collection, including the following types:

- Conducting a short survey of visitors to gather opinions on their experiences and to determine how they were made aware of the area/attraction (Hancock County Tourism Tax);
- Using MDA's annual economic impact studies or sales tax revenue diversions to the locality as indicators of the success of current efforts (Hancock County Tourism Tax, Stone

¹⁷The specific local tourism and economic and development tax referenced has since been reenacted with provisions in the language retroactively making these tax collections and expenditures lawful.

County Economic Development and Tourism Tax, and Corinth Area Tourism Promotion Tax); or

- Combining market studies with community satisfaction surveys (Corinth Area Tourism Promotion Tax).

Just as it is important to make informed decisions about how tax revenues are spent, so, too, is assessment of the impact of these expenditures, both to stated, strategic goals and as compared to performance metrics. Such comparisons indicate adherence to a locality's authorizing statute for its special tax levy and progress toward outlined goals and objectives.

What controls are in place to ensure that all taxes required by a special levy are being collected accurately?

State law does not provide for procedures, nor do local governing authorities have a method, for determining whether all businesses are collecting and remitting the correct amount of special tax levy revenue to the Department of Revenue for distribution to the specified local governing authority.

No specific procedures exist—at state or local levels—to ensure a local business's accurate collection and remittance of special tax levies to the Department of Revenue and distribution to the locality.

Special tax levies derive revenue when local businesses that have properly obtained a business permit/privilege tax license then register with the Department of Revenue. After registration with the DOR, these businesses begin submitting taxes based on the specific requirements of the levy.

To assist with this process, the DOR sends notices to new businesses to help them understand what taxes to collect. In addition, the agency responds to periodic requests by local governing authorities to speak with taxpayers in the communities to help them understand how to comply with the special tax levies.

Each local governing authority that imposes a special tax levy has an account on the DOR's Taxpayer Access Portal where it can view a list of businesses within its jurisdiction that have properly registered with the DOR and are remitting taxes, although the amount collected is not provided on the site. Comparison of the list of businesses to which local privilege tax licenses have been issued against the DOR-generated list will reveal discrepancies between locality licensees and DOR registrations. However, there is no statutory mandate for a locality to take this action.

Furthermore, although a locality may cross-check its licensees with the DOR list, the only state-level control in place to determine whether businesses are remitting the correct amount of tax revenues is the DOR's normal sales tax audit program. DOR's normal auditing program consists of activities that include analysis of existing registration and remittance data and audits and investigations conducted by field representatives. However, only 3% of registered businesses statewide are audited each year in normal sales tax audits (of which special tax audits may be a part), and of these audits approximately 85% generate a

noncompliant result. This may indicate that local governing authorities are not receiving all funds that should be generated under the special tax levies.

What controls are in place to ensure local governing authorities expend funds generated by a special tax levy in accordance with authorizing legislation?

Each local tourism and economic development tax's authorizing legislation specifies broad areas for which expenditures may be used. Beyond these broad specifications, local governing authorities must establish internal controls to ensure proper expenditure of collected funds and audit of funds collected.

Although each local tourism and economic development tax's enabling legislation restricts the expenditure of collected funds to certain uses—however broad they may be—the local governing authority has the responsibility to design and implement controls to ensure that collected funds are expended in accordance with the requirements of the enabling legislation and are further responsible for ensuring that collected funds are audited.

Beyond language in the enabling legislation, state law does not stipulate any overarching statutes to govern the administration and use of special tax levies. Thus, compliance with the authorizing legislation's restrictions depends solely upon the local authority's degree of and adherence to established internal controls (e.g., accounting for funds received and expended in separate accounts, segregation of duties regarding approval of expenditures and issuance of checks, and development of budgets and reconciliation of expenditures to these budgets).

MISS. CODE ANN. Section 7-7-211 (1972) grants the state auditor authority to conduct an annual audit of counties, municipalities, and any associated entity receiving tourism and economic development funds.

An annual audit of tourism or economic development funds may include them as a component of a larger audit without any special emphasis ascribed to them. The auditor also may include tourism or economic development funds in a specific portion of the audit program that requires testing for compliance with state guidelines only to the extent that auditors could express an opinion regarding the fairness of the financial statements. Although not deficient regarding fulfillment of statutory requirements, neither method of audit offers a high level of assurance of compliance that local entities are expending tourism or economic development funds in accordance with enabling legislation restrictions.

However, when tourism or economic development funds are expended by a separate entity, audit of the entity may provide greater assurance that funds are expended in accordance with enabling legislation restrictions. PEER notes that 31 local authorities are separate entities that would be audited separately.

Conclusion

The state in 1972 began granting authority for collection of special tax levies to localities seeking additional revenues to support local initiatives. A county or municipal governing authority wanting to utilize an additional funding source may present a request to the Legislature for a bill providing specific authority for such taxation within its jurisdiction. These levies, commonly for purposes of tourism and economic development, contain considerable variances, or individualization, in authorizing legislation, local focus, and means of collection.

Since 1972, and as of July 1, 2018, 88 local tourism and economic development tax levies had been authorized by the Legislature, with 82 approved locally and in effect throughout the state. Entities conducting business in lodging, prepared food and beverage, and alcohol sales are subject to these taxes. In total, for federal fiscal year 2017, special tax levies generated more than \$96 million. This includes county and city jurisdictions and joint initiatives.

Local governing authorities request, and adopt, special tax levies for purposes that may approach a broad, loosely defined local goal, such as promoting tourism or economic development. They may also define a particular objective to be met through the levy, such as service and retirement of debt or provisions of funds for a designated purpose. The freedom granted by general spending purposes allows communities to expend funds to best meet their needs. However, this convenience also may lead to difficulty redirecting collections when local tourism and economic development tax legislation is due for reauthorization by the Legislature and communities seek changes to the enabling legislation that would allow collections to be used for purposes other than originally intended.

PEER conducted this review when legislators questioned whether a more uniform or efficient method might be authorized to support localities in tourism and economic development efforts. This chapter examines possible alternatives to current practice and whether, if current practice continues, uniformity in local and private legislation imposing certain procedural requirements would be beneficial.

Are there alternatives to the current practice of enacting local and private legislation to support local tourism and development interests?

Rather than authorizing legislation by locality, the Legislature could choose to provide general law authority for the creation of tourism and development taxes or authorize a uniform general levy for the support of communities.

As is apparent from a review of Appendices A and B, pages 31–48, the current practice of enacting local and private legislation to support tourism and development produces considerable variation in the types of establishments required to pay taxes and the rates charged. Other differences also occur regarding the management and oversight of such funds. Should the Legislature

find this lack of uniformity problematic, or consider the committee time spent on considering individual local and private bills to be inefficient, there are at least two alternatives that would obviate the necessity of enacting local and private legislation.

General Law Authorization of Tourism Taxes

In the past the Legislature has enacted general legislation that enables counties or localities to establish such entities as economic development districts and fire protection districts supported by dedicated levies. MISS. CODE ANN. Sections 19-5-99 et seq. provide authority for counties to create an economic development district, provide for its governance and responsibilities, and staff it. Other sections specifically authorize the levy of ad valorem taxes to support such districts (MISS. CODE ANN. Section 19-9-111) and the issuance of bonds to finance district projects (MISS. CODE ANN. Sections 19-5-99 and 19-9-1 et seq.). Water, garbage, sewer, and fire protection districts likewise are created by the authority of a general law provision, with authority for local ad valorem levies provided for by MISS. CODE ANN. Sections 19-5-151 et seq. The Legislature could pass general legislation on this subject and make it applicable to local tourism taxes and administration originally adopted after the passage of the general law or to any levy that repeals after the enactment of the general law.

This approach places the burden on the Legislature to enact into general law legislation addressing all pertinent issues associated with the levying, management, and use of sales tax receipts. Several areas should be considered for standardization, including the following:

- What do the commonly used terms “tourism,” “economic development,” and “community development” mean, with respect to the taxes and expenditures made under authority of tourism laws?
- What types of businesses are taxable under the law?
- Will there be one tax rate for all types of transactions, or will there be a tax structure dependent upon the stated goals of the locality, e.g., a tax cap or range within which the locality can work?
- Who has custody of the funds after distribution by the Department of Revenue?
- Who has the authority to expend the funds?
- Will all taxes require a separate board or commission to direct the expenditure of the funds, and, if so, how will these boards be constituted, and who will have representation on these boards?
- On what can localities expend these funds while in the pursuit of the stated purpose of these taxes?

PEER notes that a uniform general law has the potential to eliminate some of the problems discussed in this report. For example, during this review PEER noted two instances in which friction arose over who held the spending authority to direct these types of funds. In both instances, the involved parties sought amendments to the existing legislation that would change who controls the expenditure of their localities' special tax levies. If state law standardizes who has spending authority over special tax levy funds, there can be no deviation from the established structure.

An existing local tourism and economic development tax may have repealer provisions included in its authorizing legislation. As discussed on pages 21-22, in one case a local tourism and economic development tax's repealer language (the date the tax levy ceased to be authorized) became effective, yet businesses in the area continued to collect the taxes and remit them to the Department of Revenue. The DOR continued to remit them to the taxing authority, who continued to spend them, in violation of state law.¹⁸ If state law governed repealer provisions for these types of taxes, making them effective in perpetuity or arranging for local governing authorities to eliminate them by resolution, would reduce problems regarding collections post repeal.

Uniformity and standardization could also benefit business owners subject to collection and remittance of these types of taxes. Currently, businesses report these taxes on sales tax returns and file them with the DOR on a consolidated basis. As such, if a business has multiple locations in areas with varying tax rates and tax-eligible transactions, it must account for transactions at each location according to a different tax schedule; it must accurately program cash registers for each area; and it must train personnel to treat each transaction appropriately. In addition, such variance in rate increases the difficulty of auditing these tax filings and remittances. With uniform language, the Legislature could eliminate some of difficulty and filing errors that accompany the current landscape of variable taxable transactions and rates.

Although uniformity may offer benefits to businesses and could lessen considerably the burdens of legislative committees handling tourism tax legislation, there are benefits to the use of local and private legislation that should factor in.

Local and private legislation can be tailored to the unique needs of a locality. The Legislature may enact a law that meets local needs by accomplishing some or all of the following:

- setting a maximum tax rate that the community considers acceptable;
- exempting certain businesses from the scope of the tax, thereby lessening the tax burden on local residents;
- establishing unique oversight requirements to facilitate use of public-private partnerships.

¹⁸The specific local tourism and economic and development tax referenced has since been reenacted with provisions in the language retroactively making these tax collections and expenditures lawful.

In general, use of local and private legislation to authorize levies and create the management responsibilities for the funds results in local communities receiving the mixture of revenue and accountability they require.

Local Sales Tax Option

The Legislature also could consider repealing provisions for local tourism and economic development taxes and allow for the passage of a general local sales tax option. As previously described, there are currently two local sales taxes in Mississippi. Each of these taxes is targeted to a purpose.

The Legislature could adopt a local sales tax option and allow city or county governing authorities to implement special purpose taxes without requiring legislative authorization. Localities could utilize the funds generated from these local sales taxes for whatever residents deemed appropriate (e.g., infrastructure, tourism and recreation, or economic development). In addition, it would be a more transparent tax on local consumers than the current format, which purports to tax tourists but can also tax residents.

Although such taxes could benefit localities considerably, they are not without drawbacks. Several municipalities in the state attract large numbers of people who pay sales taxes for items purchased at large regional malls and shopping centers. Such purchasers often utilize little in the way of local services, yet bear a considerable portion of the burden for paying for general city services. This could make general sales tax a potentially contentious issue if the Legislature considered its adoption.

Further, if such taxes were to be levied, it would also appear necessary to provide that no local government should be allowed to enact such a tax unless it takes all legal action necessary to terminate collection of any tourism tax for which it has obtained authority to levy.

If current practice continues, are there areas where uniformity in local and private laws would be beneficial or for which the Legislature could enact general law to impose certain requirements?

Passage of a general law or, if current practice continues, establishment of provisions for uniformity in budget oversight, repealer requirements, and key language would provide for more streamlined and consistent imposition of local tourism and economic development taxes.

Adoption of Key Procedural Requirements

From time to time the Legislature enacts a general bill that has an impact on the operations of entities created by local and private legislation, for example, Chapter 560, Laws of 1989, codified as MISS. CODE ANN. Sections 77-15-1 and 77-15-3, which affects the operations of certain natural gas districts created by local and private legislation. In a like manner, the Legislature might consider enacting a general law to require all newly enacted or reenacted tourism taxes to be subject to certain forms of oversight.

Budget Oversight

Not all local taxes receive the same level of budgetary oversight, for example, one may require mere presentation to the local governing authority versus another that requires review *and* approval by the local governing authority. In addition, these taxes may be components of the city or county government's overall budget. Because of the broad nature of the language surrounding the use of these funds, the Legislature could require that each have a budget developed annually, approved, or presented to all relevant governing authorities and updated monthly to show the taxing authority's progress toward the completion of the goals and requirements.

Repealer Requirements

The Legislature could also address the confusion surrounding the use of repealer provisions and require that these special tax levies all be subject to repealer clauses that review each tax's contribution to achievement of some stated purpose or plan. In general, repealer requirements would be as follows:

- Language should provide that if the tax is to be used for a specific project that it will repeal upon completion of the project or payment of the project debt. Additionally, a duty should be imposed on the local governmental unit to report to the Department of Revenue when the condition has been met so that the department will cease collecting the tax.
- In other cases in which taxes support a program or activity without a determinate ending, a repealer clause could require that the levying authority conduct a repealer review of any programs supported by the funds levied before such governing authority prepares a resolution requesting that the Legislature reenact the levy. Such repealer review should address whether the levied funds are being efficiently and effectively used to advance the local governing authority's goals of promoting tourism.
- General law could also provide that any local tourism tax enacted without a repealer clause shall be repealed from and after a certain date in the future. This would give the local governmental entity time to prepare all necessary arguments and reports to support an effort to enact a repealer for the local tourism tax.

Other Matters

An additional technical matter regarding local and private bills that authorize tourism taxes relates to the lack of uniformity in the language included. For example, PEER observed the terms "gross revenue," "gross income," and "gross proceeds" used interchangeably within a bill. These terms, both in accounting and in the general sales tax laws of the state, have specific meanings and applications that may not correspond to the intent of the

Legislature or local governing units when used during the drafting process.

The Department of Revenue states that this is a source of confusion in collection and enforcement of special tax levies because statutory language may not correspond to the specific revenue stream being taxed. Such differences can lead to taxation of entities or revenue streams not specifically sought by the special tax levies or issues with enforcement and collection that would require the DOR to have to interpret the intent of the Legislature.

To limit this issue, statutory language included in new or reauthorizing local tourism and economic development bills could include reference to, or direct quotation of, the definitions as used in the state general sales tax definitions found in MISS. CODE ANN. Section 27-65-3(f) (1972) to make clear the taxing authorization of proposed legislation.

Appendix A: Local Special Tax Levies (as of July 1, 2018)

The term “Controlling Entity” refers to the municipality, county, commission, bureau, or entity created under the terms of the authorizing legislation that expends funds derived from and for the purposes designated by the special tax levy. The terms restaurant, bar, hotel, motel, bed and breakfast, or other terms used in defining the entities subject to each special tax levy are defined in the authorizing legislation for each special tax levy. Specific definitions of each term, which may differ slightly between the authorizing legislative measures, and any exemptions, such as businesses grossing less than \$100,000 the previous calendar year, may be found in the legal citation noted for each special tax levy.

This appendix cites the most recent legislation amending or bringing the levying authority forward.

Aberdeen Tourism and Convention Tax

Tax Rate	Not to exceed 1%
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	1994/None
Purpose	To promote tourism and to encourage retired persons to remain in or relocate to the Aberdeen area
Controlling Entity	Governing authorities of the City of Aberdeen
Authorizing Bill	House Bill 686, 1994 Regular Session

Batesville Tourism and Economic Development Tax

Tax Rate	Not to exceed 3%
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	1992/2023
Purpose	To promote tourism, economic development, industry, and related matters
Controlling Entity	City of Batesville, Mississippi, and South Panola Area Chamber of Commerce Tourism and Industrial Development Committee
Authorizing Bill	House Bill 1587, 2016 Regular Session

Bay Springs Hotel and Motel Tax

Tax Rate	Not to exceed 3%
Taxed Entity	Hotels and motels
Authorization/Repeal	1996/None
Purpose	Operation and support of the Jasper County Livestock Facility
Controlling Entity	Governing authorities of the Town of Bay Springs
Authorizing Bill	House Bill 1672, 1996 Regular Session

Booneville Tourism, Parks and Recreation Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	2017/2021
Purpose	To promote tourism, parks, and recreation
Controlling Entity	Governing authorities of the City of Booneville
Authorizing Bill	Senate Bill 2948, 2017 Regular Session

Brandon Tourism, Parks and Recreation Tax

Tax Rate	2%
Taxed Entity	Restaurants and bars
Authorization/Repeal	2011/2024
Purpose	To promote tourism, parks, and recreation
Controlling Entity	Governing authorities of the City of Brandon
Authorizing Bill	House Bill 1629, 2018 Regular Session

Brandon Amphitheatre and Ancillary Improvement Tax

Tax Rate	3%
Taxed Entity	Hotels and motels
Authorization/Repeal	2016/2030
Purpose	Acquisition, construction, reconstruction, expanding, improving, furnishing, equipping, and repairing of an amphitheater in the city, and for the payment of debt incurred in connection therewith, or to repay any indebtedness of the governing authority
Controlling Entity	Governing authorities of the City of Brandon
Authorizing Bill	House Bill 1628, 2018 Regular Session

Brookhaven Tourism, Parks and Recreation Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels, motels, and bed and breakfasts
Authorization/Repeal	2014/2021
Purpose	To promote tourism, parks, and recreation within the city
Controlling Entity	Governing authorities of the City of Brookhaven
Authorizing Bill	Senate Bill 3041, 2017 Regular Session

Byhalia Tourism, Parks & Recreation Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels and motels
Authorization/Repeal	2010/2021
Purpose	To promote tourism and parks and recreation in the Byhalia area
Controlling Entity	Governing authorities of the Town of Byhalia
Authorizing Bill	Senate Bill 2941, 2017 Regular Session

Byram Tourism Parks and Recreation Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels and motels
Authorization/Repeal	2014/2021
Purpose	To promote and advertise the attributes of the city, as they relate to tourism, parks, and recreation and for promoting tourism, parks and recreation events and activities in the city
Controlling Entity	Governing authorities of the City of Byram
Authorizing Bill	Senate Bill 3068, 2017 Regular Session

Canton Tourism and Convention Tax

Tax Rate	2%
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	1989/None
Purpose	To establish, promote, and develop tourism and conventions and related matters with the City of Canton and to acquire, hold, improve, preserve, develop, and restore historic sites and buildings within the city, as well as increase the knowledge and appreciation of such sites
Controlling Entity	City of Canton Convention and Visitors Bureau
Authorizing Bill	House Bill 839, 1994 Regular Session

Carthage Recreation and Tourism Tax

Tax Rate	Not to Exceed 2%
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	2016/2024
Purpose	To promote tourism, parks and recreation in the city, including, but not limited to paying the principal of and interest on bonds issued on the indebtedness incurred to pay costs associated with constructing, equipping, owning, operating, leasing, furnishing, improving, and maintaining recreation and tourism venues, parks, and recreational facilities
Controlling Entity	Governing authorities of the City of Carthage
Authorizing Bill	Senate Bill 3034, 2018 Regular Session

Cleveland Economic Development Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels, motels, restaurants, and bars
Authorization/Repeal	1996/None
Purpose	To construct and maintain a civic center or convention center, to promote tourism and economic development and to encourage retired persons to remain in or relocate to the Cleveland area
Controlling Entity	Governing authorities of the City of Cleveland
Authorizing Bill	Senate Bill 3151, 1996 Regular Session

Clinton Tourism Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels and motels
Authorization/Repeal	1995/None
Purpose	To promote and advertise the attributes of the City of Clinton as they relate to tourism and economic development, and for promoting tourism and economic development events and activities in the city
Controlling Entity	Governing authorities of the City of Clinton
Authorizing Bill	House Bill 1716, 1995 Regular Session

Coahoma County Tourism and Convention Tax

Tax Rate	2% and 1%
Taxed Entity	2% — Hotels and motels 1% — Restaurants and bars
Authorization/Repeal	1991/None
Purpose	To promote tourism and conventions
Controlling Entity	Coahoma County Tourism Commission
Authorizing Bill	Senate Bill 3112, 1992 Regular Session

Como Tourism, Parks, and Recreation Tax

Tax Rate	Not to exceed \$1 per room per night — Hotels and motels Not to exceed 2% — Restaurants
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	2014/2021
Purpose	To promote tourism, parks, and recreation in the Town of Como and the immediate surrounding area
Controlling Entity	Governing authorities of the Town of Como
Authorizing Bill	House Bill 1718, 2017 Regular Session

Corinth Area Tourism Promotion Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels, motels, inns, bed and breakfasts, and restaurants
Authorization/Repeal	1983/None
Purpose	Promotion of tourism in Alcorn County
Controlling Entity	Corinth Area Tourism Promotion Council
Authorizing Bill	Senate Bill 3219, 1997 Regular Session

DeSoto County Convention Tourism Promotion Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	1996/Repealed two years after the original indebtedness, including interest, incurred pursuant to the purpose of the authorizing legislation is retired. After such original indebtedness, including interest, is retired, proceeds of the tax paid to the DeSoto County Convention and Visitors Bureau for two years for the establishment of a trust fund for the operational, maintenance, replacement, and capital expenses of the civic center
Purpose	To acquire property for the construction of a civic center, the construction and maintenance of such civic center, and to promote convention business and tourism
Controlling Entity	DeSoto County Convention and Visitors Bureau
Authorizing Bill	Senate Bill 3173, 1996 Regular Session

Florence Economic Development and Recreational Facilities Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Restaurants and bars
Authorization/Repeal	1998/2020 or not more than two months after the completion of recreational facilities authorized by the statute and either all principal, interest, costs and other expenses for all bonds, notes, or other borrowings to pay the cost of constructing such facilities have been paid and are completely satisfied, or there exists in any special account established to retire such bonds sufficient funds to pay such indebtedness
Purpose	To promote economic development and to construct recreational facilities
Controlling Entity	Governing authorities of the City of Florence
Authorizing Bill	House Bill 1580, 2016 Regular Session

Flowood Tourism and Recreation Tax

Tax Rate	2%
Taxed Entity	Restaurants
Authorization/Repeal	1996/None
Purpose	To promote tourism and recreation in the municipality
Controlling Entity	Governing authorities of the City of Flowood
Authorizing Bill	House Bill 1703, 1996 Regular Session

Fulton Tourism Tax

Tax Rate	Not to exceed 3%
Taxed Entity	Hotels and motels
Authorization/Repeal	2010/2020
Purpose	To promote tourism and parks and recreation
Controlling Entity	Governing authorities of the City of Fulton
Authorizing Bill	House Bill 1581, 2016 Regular Session

Greenwood Tourism and Convention Tax

Tax Rate	Not to exceed 1%
Taxed Entity	Hotels, motels, restaurants, and bars
Authorization/Repeal	1989/2021
Purpose	To promote tourism and conventions
Controlling Entity	Greenwood Tourism Commission
Authorizing Bill	Senate Bill 3016, 2017 Regular Session

Grenada Tourism Tax

Tax Rate	Not to exceed 2% and not to exceed 1%
Taxed Entity	Not to exceed 2% — Hotels and motels Not to exceed 1% — Restaurants and bars
Authorization/Repeal	1992/2022

Purpose To promote tourism and conventions and for constructing, financing, and operating a sports park; 50% of the tax or revenue placed in an interest-bearing tourism escrow fund for the construction, financing, and operation of a convention center or any other use that may promote tourism as determined by the City of Grenada

Controlling Entity Grenada Tourism Commission

Authorizing Bill House Bill 1563, 2018 Regular Session

Hancock County Tourism Tax

Tax Rate Not to exceed 2%

Taxed Entity Hotels, motels, bed and breakfasts, and condominiums and time-share establishments providing rooms for transient guests

Authorization/Repeal 1996/2021

Purpose To promote and develop tourism and tourism related activities in Hancock County

Controlling Entity Hancock County Tourism Bureau or the Mississippi Gulf Coast Regional Convention and Visitors Bureau (at the discretion of the Hancock County Board of Supervisors)

Authorizing Bill Senate Bill 3072, 2018 Regular Session

Harrison County Coliseum-Convention Center Tax

Tax Rate 2%

Taxed Entity Hotels and motels

Authorization/Repeal 2004/First day of the month immediately succeeding the retirement of the bonds issued for the stated purpose below

Purpose To defray the cost of constructing, repairing, equipping, remodeling, enlarging, expanding, or improving the Mississippi Coast Coliseum and Convention Center and the retirement of prior bonds issued by the county related to expanding the Mississippi Coast Coliseum and Convention Center after May 1, 1995, but prior to effective date of House Bill 1823, 2004 Regular Session

Controlling Entity Harrison County Board of Supervisors

Authorizing Bill House Bill 1823, 2004 Regular Session

Harrison County Tourism and Convention Tax¹⁹

Tax Rate 3%

Taxed Entity Hotels and Motels

Authorization/Repeal 1954/None

Purpose Promote tourism and conventions in Harrison County

Controlling Entity Until the date that the bonds issued by the board of supervisors after May 1, 1995, and prior to the effective date of House Bill No. 1823, 2004 Regular Session, for the purpose of defraying the cost of expanding the Mississippi Coast Coliseum and Convention Center are retired:

- two-thirds of tax proceeds assigned to the Harrison County Tourism Commission
- one-thirds of tax proceeds assigned to the Harrison County Board of Supervisors for debt service

After the date that the bonds issued by the board of supervisors after May 1, 1995, and prior to the effective date of House Bill No. 1823, 2004 Regular Session, for the purpose of defraying the cost of expanding the Mississippi Coast Coliseum and Convention Center are retired:

- two-thirds of tax proceeds assigned to the Harrison County Tourism Commission
- 25% of the remaining one-third of the proceeds paid to the Harrison County Tourism Commission and 75% of the remaining one-third of the proceeds paid to the Board of Supervisors of Harrison County

Authorizing Bill House Bill 1823, 2004 Regular Session

¹⁹On the Mississippi Department of Revenue's website, this tax is listed as the Mississippi Gulf Coast Regional Convention and Visitors Bureau Tax.

Hattiesburg Convention Promotion Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Restaurants, bars, and package liquor stores
Authorization/Repeal	1991/None
Purpose	To construct, furnish, equip, erect and operate tourism and convention facilities
Controlling Entity	Hattiesburg Convention Commission
Authorizing Bill	Senate Bill 3232, 1991 Regular Session

Hattiesburg Tourism Promotion Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels and motels
Authorization/Repeal	1990/2021
Purpose	To provide operating funds for the Hattiesburg Tourism Commission to promote tourism
Controlling Entity	Hattiesburg Tourism Commission
Authorizing Bill	House Bill 1764, 2017 Regular Session

Hernando Tourism and Economic Development Tax

Tax Rate	Not to exceed 1%
Taxed Entity	Hotels and motels
Authorization/Repeal	1999/None
Purpose	To promote the attributes of the City of Hernando as they relate to tourism and economic development and for promoting tourism and economic development
Controlling Entity	Governing authorities of the City of Hernando
Authorizing Bill	House Bill 1699, 1999 Regular Session

Holly Springs Recreation and Public Improvement Promotion Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	1999/None
Purpose	To promote and develop tourism in the city and for the promotion, establishment, development, construction, furnishing, and equipping of the project (the development of the North Memphis Project, establishment of historical district, construction of a multipurpose sports complex and related appurtenances within or in close proximity to the corporate limits of the city, including, but not limited to, the purchase of property for such purposes, construction of an amphitheater and multi-purpose sports structure, construction of and/or resurfacing of tennis courts, construction of and/or improvements to baseball and softball fields, architect, engineering, and legal fees associated with the projects, road construction for access to facilities, parking areas, utilities, restroom facilities, bleachers or other seating for tennis courts, baseball fields and softball fields, and scoreboards)
Controlling Entity	Holly Springs Tourism and Recreational Facilities Bureau
Authorizing Bill	Senate Bill 3118, 1999 Regular Session

Horn Lake Tourism and Economic Development Tax

Tax Rate	Not to exceed \$2 per room per night
Taxed Entity	Hotels and motels
Authorization/Repeal	2013/2022
Purpose	To promote the attributes of the City of Horn Lake and to promote the city's tourism and economic development
Controlling Entity	Governing authorities of the City of Horn Lake
Authorizing Bill	House Bill 1472, 2018 Regular Session

Houston Parks and Recreation and Community Economic Development Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotel, motels, and restaurants
Authorization/Repeal	2016/2020

Purpose	To promote tourism, parks and recreations
Controlling Entity	Governing authorities of the City of Houston
Authorizing Bill	Senate Bill 2964, 2016 Regular Session

Indianola Tourism Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels, motels, restaurants, and bars
Authorization/Repeal	2003/2021
Purpose	To promote tourism and economic development
Controlling Entity	Indianola Tourism Commission
Authorizing Bill	Senate Bill 3063, 2017 Regular Session

Jackson Capital City Convention Center Tax

Tax Rate	1%, 3%, and 3%
Taxed Entity	1% — Restaurants 3% — Hotels and motels 3% — Gross proceeds of sales at the convention center by caterers
Authorization/Repeal	2004/Debt paid off
Purpose	Acquisition, construction, furnishing, equipping, erection, operation, maintenance, and promotion of a convention center and the payment of debt incurred for the acquisition, construction, and furnishing of a convention center. Proceeds of the tax will first be utilized to repay debt of the city for debts associated with the acquisition, construction, equipping, and furnishing the convention center and fund a trust fund to pay any deficit that may occur with respect to the operation of the convention center (not to exceed \$500,000 per year) and for the operation, maintenance, and promotion of the convention center
Controlling Entity	Capital City Convention Center Commission
Authorizing Bill	House Bill 1832, 2004 Regular Session

Jackson Special Infrastructure Tax

Tax Rate	Not to exceed 1%
Taxed Entity	Sales of tangible personal property or services; see House Bill 787, 2014 Regular Session for exemptions
Authorization/Repeal	2009/2035
Purpose	Road and street repair, reconstruction, and resurfacing projects based on traffic patterns, needs and usage, and to pay the costs of water, sewer, and drainage projects in accordance with a master plan developed by the commission
Controlling Entity	City of Jackson Municipal Special Sales Tax Commission
Authorizing Bill	House Bill 787, 2014 Regular Session

Jackson Convention and Tourist Bureau Tax

Tax Rate	1%
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	1984/2019
Purpose	To promote tourism and conventions
Controlling Entity	Jackson Convention and Visitors Bureau
Authorizing Bill	House Bill 1637, 2018 Regular Session

Jackson Occupancy Tax

Tax Rate	\$0.75 per day per room
Taxed Entity	Hotels and motels
Authorization/Repeal	1995/None
Purpose	Payment of a certain portion (40% construction costs and all land acquisition costs) of the debt service on and maintenance, renovations, improvements, and additions to the Mississippi Telecommunication Conference and Training Center

Controlling Entity Mississippi Telecommunication Conference and Training Center Commission (Note: The Mississippi Telecommunication Conference and Training Center Commission subsequently negotiated to transfer ownership to the Capital City Convention Center Commission.)

Authorizing Bill Senate Bill 3236, 1995 Regular Session

Jackson County Tourism Hotel and Motel Tax

Tax Rate 2%

Taxed Entity Hotels and motels

Authorization/Repeal 2015/2022

Purpose For the Mississippi Gulf Coast Regional Convention and Visitors Bureau for the promotion of tourism on the Mississippi Gulf Coast

Controlling Entity Jackson County Board of Supervisors

Authorizing Bill Senate Bill 3075, 2018 Regular Session

Kosciusko Tourism Promotion Tax

Tax Rate Not to exceed 2%

Taxed Entity Hotels, motels, and restaurants

Authorization/Repeal 1989/None

Purpose To promote tourism

Controlling Entity Kosciusko Tourist Promotion Council

Authorizing Bill House Bill 1846, 1994 Regular Session

Lauderdale County Tourism Commission Tax

Tax Rate Not to exceed 2.50%

Taxed Entity Hotels and motels

Authorization/Repeal 1997/2021

Purpose To promote tourism and conventions in Lauderdale County (funds shall be deposited in county general fund and may be expended for any purpose authorized by law for expenditures of county general fund money) and for the purpose of defraying costs of construction, acquisition, equipping, furnishing, or other expenses of a coliseum, multipurpose building or convention center constructed by the Lauderdale County Board of Supervisors, the mayor and city council of the City of Meridian, and the mayor and board of board of alderman of the Town of Marion, acting separately or jointly

Controlling Entity Lauderdale County Board of Supervisors and Lauderdale County Tourism Commission

Authorizing Bill Senate Bill 2919, 2017 Regular Session

Laurel Recreation and Public Improvement Tax

Tax Rate Not to exceed 2%

Taxed Entity Hotels, motels, and restaurants

Authorization/Repeal 1996/None

Purpose Promotion, establishment, development, construction, furnishing, equipping, erection, operation, and maintenance of the project (land and improvements thereon to be used for recreation facilities within or in close proximity to the corporate limits of the city that are open and available to the general public and used for general public purposes that may be funded with the proceeds of the tax authorized to be levied, including the operation and maintenance of such facilities and the construction and equipping of improvements at the fairgrounds complex)

Controlling Entity Governing authority of the City of Laurel, which shall make available not less than one-third of the increased tax proceeds to the South Mississippi Fair Commission

Authorizing Bill House Bill 1868, 1998 Regular Session

Louisville Tourism Parks and Recreation Tax

Tax Rate Not to exceed 2%

Taxed Entity Hotels and motels

Authorization/Repeal 2013/2021

Purpose To promote tourism, parks, and recreation

Controlling Entity Governing authorities of the City of Louisville

Authorizing Bill Senate Bill 3065, 2017 Regular Session

Lowndes County Convention Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Every person, firm, or corporation, not to exceed 2% of the gross proceeds of room rentals of hotels/motels hotel/motel (a place of lodging with more than 10 rental units that at any one time will accommodate transient guests on a daily or weekly basis and that is known to the trade as such)
Authorization/Repeal	1985/None
Purpose	To promote conventions and construct and maintain convention facilities in Lowndes County
Controlling Entity	Lowndes County Board of Supervisors (portion of taxes collected in the unincorporated areas of Lowndes County) and governing authorities of incorporated areas of Lowndes County (portion of taxes collected within the incorporated areas of Lowndes County)
Authorizing Bill	House Bill, 1044, 1985 Regular Session

Magee Recreational Facilities Tax

Tax Rate	Not to exceed 1%
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	1999/None
Purpose	Establishment, development, construction, furnishing, equipping, and erection of the project (establishment and construction of a sports complex and related appurtenances within the corporate limits of the city, and shall include, but not limited to, the purchase of property for such purposes; construction of and/or improvements to baseball, softball fields, and tennis courts; architect, engineering, and legal fees associated with the project; road construction for access to facilities; parking areas; utilities; restroom facilities; bleachers or other seating for baseball fields and softball fields; and scoreboards)
Controlling Entity	Governing authorities of the City of Magee
Authorizing Bill	Senate Bill 3229, 1999 Regular Session

McComb Tourism, Parks and Recreation Tax

Tax Rate	Not to exceed 3%
Taxed Entity	Hotels and motels
Authorization/Repeal	2005/2021
Purpose	To promote and advertise the attributes of the city as they relate to tourism, parks, and recreation and for promoting tourism, parks and recreation events, and activities in the city
Controlling Entity	Governing authorities of the City of McComb
Authorizing Bill	House Bill 1464, 2017 Regular Session

Meridian Southern Arts and Entertainment Tax

Tax Rate	2%
Taxed Entity	Restaurants
Authorization/Repeal	2005/Retirement of debt service
Purpose	To defray the cost of bonds associated with and to fund the Southern Arts and Entertainment Center with a conference center, performing arts theater, amphitheater, an artists' village and to the extent that the proceeds of the tax exceed the amount necessary to satisfy the debt service, for expenses related to the same purposes for which proceeds of the bond issue may be expended
Controlling Entity	Governing authorities of the City of Meridian
Authorizing Bill	House Bill 1770, 2005 Regular Session

Montgomery County Coliseum and Tourism Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels and Motels
Authorization/Repeal	1999/None
Purpose	To promote the attributes of Montgomery County as they relate to tourism and economic development, to promote tourism and economic development, and operate and support the Montgomery County Coliseum
Controlling Entity	Board of Supervisors of Montgomery County
Authorizing Bill	House Bill 1718, 1999 Regular Session

Moss Point Tourism Tax

Tax Rate	Not to exceed 3%
Taxed Entity	Hotels and motels
Authorization/Repeal	1995/None
Purpose	To promote, develop, and assist economic development (any industrial, commercial, research, and development, warehousing, distribution, transportation, processing, or tourism enterprise, together with the acquisition and operation of the enterprise and together with furnishing all utilities, roadways, facilities, structures, or improvements of whatever kind required or useful for construction, maintenance, and operation of the enterprise; also includes any addition to or expansion of an existing enterprise)
Controlling Entity	Governing authorities of the City of Moss Point
Authorizing Bill	House Bill 1740, 1995 Regular Session

Natchez Convention and Tourism Tax

Tax Rate	3%, 1.5%, and \$2 per day per room
Taxed Entity	3% — Hotels and Motels 1.5% — Restaurants, Alcoholic Beverage Control permit holders (excluding those held by private clubs, organizations, or associations) antique and secondhand shops, and gift and souvenir shops \$2 — Hotels and motels subject to the 3% assessment
Authorization/Repeal	2008/None
Purpose	To establish, promote, and develop a civic center or convention center within Adams County and to promote and encourage conventions and visitors to come to Adams County
Controlling Entity	Natchez-Adams County Convention Promotion Commission
Authorizing Bill	Senate Bill 3191, 2008 Regular Session

New Albany Tourism Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	1997/None
Purpose	To promote tourism and economic development, and to encourage retirees to remain in or relocate to the New Albany area
Controlling Entity	Governing authorities of the City of New Albany
Authorizing Bill	House Bill 1906, 1997 Regular Session

Newton Special Tax

Tax Rate	\$1 per room per night
Taxed Entity	Hotels and motels
Authorization/Repeal	1996/None
Purpose	To provide funds for the operation and support of the city Parks and Recreation Department
Controlling Entity	Governing authorities of the City of Newton
Authorizing Bill	Senate Bill 3152, 1996 Regular Session

Ocean Springs Restaurant Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Restaurants and bars
Authorization/Repeal	2007/Retirement of debt service for projects and purposes related to purpose of the authorizing legislation
Purpose	To promote tourism and improving recreation, economic development, and public safety
Controlling Entity	Governing authorities of the City of Ocean Springs
Authorizing Bill	Senate Bill 3206, 2007 Regular Session

Ocean Springs Tourism and Economic Development Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels, motels, and bed and breakfasts
Authorization/Repeal	1998/None
Purpose	To promote tourism and economic development in the Ocean Springs area
Controlling Entity	Governing authorities of the City of Ocean Springs
Authorizing Bill	House Bill 1836, 1998 Regular Session

Oxford Stadium Construction Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Restaurants
Authorization/Repeal	1986/None
Purpose	To promote tourism in the city and surrounding areas, to pay the principal of and interest on bonds issued for the construction of stadium(s) (a baseball facility, including, but not limited to, grand stands, dugouts, a playing field, lights, restroom facilities, concessions, dressing room, and related facilities and property) on the University of Mississippi campus, and to provide additional security (one or more letters of credit, bond insurance, or other type of credit enhancers which may be added by the city or the university as additional security for the bonds) on the bonds
Controlling Entity	Governing authorities of the City of Oxford
Authorizing Bill	House Bill 1189, 1986 Regular Session

Oxford Tourism and Economic Development Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels and motels
Authorization/Repeal	1983/None
Purpose	To promote tourism in Oxford and the surrounding area
Controlling Entity	Oxford Tourism Council
Authorizing Bill	House Bill 13, 1988 Regular Session

Pascagoula Parks and Recreation Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Restaurants
Authorization/Repeal	2013/2022
Purpose	Implementation of the master plan (the Comprehensive Parks and Recreation Master Plan adopted by the governing authorities on October 16, 2012)
Controlling Entity	Governing authorities of the City of Pascagoula
Authorizing Bill	Senate Bill 3027, 2017 Regular Session

Pearl Restaurant Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Restaurants
Authorization/Repeal	2005/None
Purpose	To meet obligations incurred in inducing a professional baseball team to locate in the City of Pearl, to improved infrastructure in the West Pearl Restaurant Tax District and to promote tourism, economic and community development, and recreation in the City of Pearl
Controlling Entity	Mayor and the Board of Aldermen of the City of Pearl
Authorizing Bill	House Bill 1753, 2007 Regular Session

Philadelphia Tourism and Economic Development Tax

Tax Rate	Not to exceed 3%
Taxed Entity	Hotels and motels
Authorization/Repeal	1999/None
Purpose	Promotion of tourism and economic development in the City of Philadelphia and Neshoba County
Controlling Entity	Philadelphia-Neshoba County Tourism/Economic Council
Authorizing Bill	Senate Bill 3199, 1999 Regular Session

Picayune Tourism and Economic Development Tax

Tax Rate	Not to exceed 2% and not to exceed 1%
Taxed Entity	Not to exceed 2% — Hotels, motels, and bed and breakfasts Not to exceed 1% — Restaurants
Authorization/Repeal	1998/None
Purpose	To provide funds for recreational activities and to promote tourism and economic development in the Picayune area
Controlling Authority	Governing authorities of the City of Picayune
Authorizing Bill	Senate Bill 3298, 1998 Regular Session

Pontotoc Tourism and Parks and Recreation Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	2004/2020
Purpose	To promote tourism and parks and recreation
Controlling Entity	Governing authorities of the City of Pontotoc
Authorizing Bill	Senate Bill 2948, 2016 Regular Session

Rankin County Tourism Tax

Tax Rate	Not to exceed 2.5%
Taxed Entity	Hotels and motels
Authorization/Repeal	1993/None
Purpose	To promote Rankin County for tourism, retail, wholesale, manufacturing, residential growth and related purposes; to acquire, own, furnish, equip, staff, and operate any and all facilities and equipment necessary or useful in the promotion of activities related to promoting Rankin County in tourism, retail, wholesale, manufacturing, residential growth and related purposes; to receive and expend revenues from any source including, but not limited to, private enterprise and those revenues provided by this act; and to own, lease or contract for any real estate, equipment or services useful and necessary in the promotion of activities related to promoting Rankin County in tourism, retail, wholesale, manufacturing, residential growth and related purposes; and to coordinate and contract for present and future economic development activity in the county
Controlling Entity	Rankin First and the Rankin County Board of Supervisors
Authorizing Bill	Senate Bill 3119, 1993 Regular Session

Richland Economic and Community Development Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Restaurants and bars
Authorization/Repeal	1998/2022
Purpose	To amortize or defray any indebtedness incurred by the City of Richland in connection with the construction of a multipurpose building to be used for a community center and to promote tourism, parks, and recreation within the city, after the costs connected with the construction of the multipurpose building are paid and completely satisfied and after an election is held approving the funds being used to promote tourism, parks, and recreation
Controlling Entity	Governing authorities of the City of Richland
Authorizing Bill	House Bill 1521, 2018 Regular Session

Ridgeland Tourism and Convention Tax

Tax Rate	1%
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	1997/None
Purpose	To promote tourism and convention
Controlling Entity	Ridgeland Tourism Commission
Authorizing Bill	Senate Bill 3123, 1997 Regular Session

Ripley Tourism Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	2008/2021
Purpose	To promote tourism and to encourage retired persons to remain in or relocate to the Ripley area
Controlling Entity	Governing authorities of the City of Ripley
Authorizing Bill	House Bill 762, 2017 Regular Session

Sardis Tourism Tax

Tax Rate	Not to exceed 3%
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	2008/2021
Purpose	To enhance tourism, for industrial and economic development, and for the provision of parks and recreational facilities
Controlling Entity	Governing authorities of the Town of Sardis
Authorizing Bill	House Bill 1717, 2017 Regular Session

Senatobia Tourism, Parks and Recreation Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	2014/2021
Purpose	To develop parks and recreation as well as tourism
Controlling Entity	Governing authorities of the City of Senatobia
Authorizing Bill	House Bill 1473, 2017 Regular Session

Southaven Tourism and Convention Tax

Tax Rate	1%
Taxed Entity	Hotels and motels
Authorization/Repeal	1993/None
Purpose	To promote tourism and conventions
Controlling Entity	Governing authorities of the City of Southaven
Authorizing Bill	House Bill 1618, 1993 Regular Session

Southaven Restaurant Tax

Tax Rate	Not to exceed 1%
Taxed Entity	Restaurants
Authorization/Repeal	2011/2022
Purpose	To promote tourism, parks, and recreation
Controlling Entity	Governing authorities of the City of Southaven
Authorizing Bill	House Bill 1471, 2018 Regular Session

Starkville Economic Development, Tourism, and Convention Tax

Tax Rate	2%
Taxed Entity	Restaurants
Authorization/Repeal	1994/2022
Purpose	To promote tourism, conventions, parks and recreation improvements, economic and community development, and to enhance student-related activities at Mississippi State University
Controlling Entity	Oktibbeha County Economic Development Authority (15% share of tax revenue), Visitors and Convention Council (15% share of tax revenue), governing authorities of City of Starkville (10% share of tax revenue), Starkville Parks (40% share of tax revenue), and Mississippi State University (20% share of tax revenue)
Authorizing Bill	Senate Bill 3012, 2018 Regular Session

Starkville-Oktibbeha Tourism Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels and motels
Authorization/Repeal	1986/None
Purpose	To promote a visitors and convention program in Starkville and surrounding areas
Controlling Entity	Visitors and Convention Council under the control of the Board of Directors of the Starkville Area Chamber of Commerce
Authorizing Bill	Senate Bill 2792, 1986 Regular Session

Stone County Economic Development and Tourism Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	1999/None
Purpose	To promote economic development and tourism in Stone County, to develop, promote, and/or expand existing business and industries in Stone County, and to assist and support the development of infrastructure and community services to accommodate a growing economy and community
Controlling Entity	Stone County Economic Development Partnership
Authorizing Bill	Senate Bill 3072, 1999 Regular Session

Tishomingo County Promotion Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels and motels
Authorization/Repeal	1993/None
Purpose	To promote tourism and retirement
Controlling Entity	Tishomingo Development Foundation
Authorizing Bill	House Bill 1656, 1993 Regular Session

Tunica County Special Tax

Tax Rate	Not to exceed 3%
Taxed Entity	Hotels, motels, restaurants, and bars
Authorization/Repeal	1996/None
Purpose	To promote conventions and tourism in Tunica County
Controlling Entity	Tunica County Tourism Commission
Authorizing Bill	House Bill 1559, 1999 Regular Session

Tupelo Convention and Tourism Promotion Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	1985/None
Purpose	To promote tourism, conventions, and the economic development of the City of Tupelo
Controlling Entity	Tupelo Convention and Visitors Bureau
Authorizing Bill	Senate Bill 3088, 1990 Regular Session

Tupelo Water Facilities Tax

Tax Rate	0.25%
Taxed Entity	All sales and services within the city that are subject to the general rate of sales tax
Authorization/Repeal	1988/1st day of the month immediately succeeding the certification of the trustee that the balance of special sales taxes which it has actually received, together with any income actually realized from the investment of such special sales tax revenues, are sufficient to pay 50% of the principle of and interest on bonds then outstanding, as such bonds and the interest thereon mature and accrue to the final maturity date
Purpose	To satisfy bonds issued for the construction and acquisition of an intake facility to obtain water from the Tombigbee River and Tennessee-Tombigbee Waterway, treatment facilities, transmission lines and related facilities, the acquisition of land on which such facilities and improvements are located, the payment of principal and interest on the bonds, establishment of reserves to secure such bonds, the payment of expenses incident to the issuance of such bonds, and to the implementation of the project
Controlling Entity	North East Mississippi Regional Water Supply District
Authorizing Bill	House Bill 1307, 1988 Regular Session

Vicksburg Economic, Recreation and Tourism Development Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels, motels, and restaurants located in Vicksburg
Authorization/Repeal	2015/None ²⁰
Purpose	To acquire real property and constructing, equipping owning, operating, leasing, furnishing, and maintaining recreation and tourism venues and facilities, and/or pay the principal of and interest on bonds issued for these purposes
Controlling Entity	Governing authorities of the City of Vicksburg
Authorizing Bill	Senate Bill 2926, 2015 Regular Session

Warren County Tourism Promotion Tax

Tax Rate	1%
Taxed Entity	Hotels, motels, and restaurants in Warren County
Authorization/Repeal	1972/None
Purpose	To promote convention business and tourism
Controlling Entity	Vicksburg Warren Convention and Visitors Bureau
Authorizing Bill	House Bill 1640, 2007 Regular Session

Washington County Convention and Visitors Tax

Tax Rate	Not to exceed 1%
Taxed Entity	Hotels, motels, restaurants, and on-premises retailer's permits establishments legal under the provisions of Chapter 1, Title 67, MISSISSIPPI CODE of 1972
Authorization/Repeal	1991/2021
Purpose	To promote tourism and conventions in Washington County
Controlling Entity	Economic Development District of Washington County and Washington County Convention and Visitors Committee
Authorizing Bill	House Bill 1755, 2017 Regular Session

²⁰Although Section 7 of Senate Bill 2926, 2015 Regular Session contained a July 1, 2018, repealer on all taxes levied thereunder, the Attorney General opined that because the legislation also authorized the issuance of 20-year bonds to build a facility with the taxes levied being used to repay costs associated with the bonds issued, it would be unreasonable to conclude that the Legislature intended for the tax to be repealed while bonded indebtedness is still outstanding. See *Attorney General's Opinion to Hairston*, August 17, 2018.

Washington County Hotel Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Hotels and motels
Authorization/Repeal	2011/2022
Purpose	To provide funds to help establish a sports complex for youth in the county
Controlling Authority	Board of Supervisors of Washington County
Authorizing Bill	Senate Bill 3018, 2017 Regular Session

West Point Recreation/Public Improvement Promotion Tax

Tax Rate	Not to exceed 1%
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	1996/None
Purpose	To provide funds for the promotion, establishment, development, construction, furnishing, equipping, erection, operation and maintenance of a multipurpose sports complex and related appurtenances within or in close proximity to the corporate limits of the city including, but not limited to, the purchase of property for such purposes, construction of multi-purpose sports structures, construction of and resurfacing of tennis courts, construction of and improvements to baseball and softball fields, architect, engineering and legal fees associated with the project, road construction for access to facilities, parking areas, utilities, restroom facilities, bleachers or other seating, and scoreboards
Controlling Entity	Governing authorities of the City of West Point
Authorizing Bill	Senate Bill 3148, 1996 Regular Session

West Point Tourism, Parks, and Recreation Tax

Tax Rate	Not to exceed 1%
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	2012/2020
Purpose	To promote tourism and parks and recreation
Controlling Entity	Governing authorities of the City of West Point
Authorizing Bill	House Bill 1750, 2016 Regular Session

Winona Recreation, Tourism, Parks and Economic Development Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Restaurants
Authorization/Repeal	2016/2020
Purpose	To promote tourism and parks and recreation within the city
Controlling Entity	Governing authorities of the City of Winona
Authorizing Bill	Senate Bill 2048, Regular Session 2016

Yazoo County Tourism and Convention Tax

Tax Rate	2%
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	1992/None
Purpose	To provide funds to promote tourism and conventions
Controlling Entity	Yazoo County Convention and Visitors Bureau
Authorizing Bill	Senate Bill 3310, 1998 Regular Session

Appendix B: Legislatively Authorized Special Tax Levies Awaiting Local Approval (as of July 1, 2018)

The term “Controlling Entity” refers to the municipality, county, commission, bureau, or entity created under the terms of the authorizing legislation that expends funds derived from and for the purposes designated by the special tax levy. The terms restaurant, bar, hotel, motel, bed and breakfast, or other terms used in defining the entities subject to each special tax levy are defined in the authorizing legislation for each special tax levy. Specific definitions of each term, which may differ slightly between the authorizing legislative measures, and any exemptions, such as businesses grossing less than \$100,000 the previous calendar year, may be found in the legal citation noted for each special tax levy.

This appendix cites the most recent legislation amending or bringing the levying authority forward.

Clinton Tourism, Parks, and Recreation Tax

Tax Rate	Not to exceed 1%
Taxed Entity	Hotels and motels
Authorization/Repeal	2018/2023
Purpose	To promote and advertise the attributes of the city, as they relate to tourism, parks, and recreations, and for promoting tourism, parks and recreation events and activities in the city
Controlling Entity	Governing authorities of the City of Clinton
Authorizing Bill	House Bill 1657, Regular Session 2018

Hattiesburg Tourism, Parks, and Recreation Tax

Tax Rate	Not to exceed 1%
Taxed Entity	Hotels, motels, and restaurants
Authorization/Repeal	2018/2022
Purpose	To promote tourism and parks and recreation; however, 50% of the funds may be diverted by the governing authorities of the City of Hattiesburg to the University of Southern Mississippi to improve athletic facilities
Controlling Entity	Governing authorities of the City of Hattiesburg
Authorizing Bill	Senate Bill 3069, 2018 Regular Session

Moss Point Tourism, Parks, and Recreation Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Restaurants
Authorization/Repeal	2018/2022
Purpose	To promote tourism and parks, and recreation in the city
Controlling Entity	Governing authorities of the City of Moss Point
Authorizing Bill	House Bill 1664, 2018 Regular Session

Pearl Tourism, Parks, and Recreation Tax

Tax Rate	Not to exceed 1% and not to exceed 3%
Taxed Entity	Not to exceed 1% — Restaurants Not to exceed 3% — Hotels and motels
Authorization/Repeal	2018/2022
Purpose	To promote tourism and parks and recreation in the city
Controlling Entity	Governing authority of the City of Pearl
Authorizing Bill	House Bill 1667, 2018 Regular Session

NOTE: This tax was approved July 24, 2018, and collections began September 1, 2018.

Richland Tourism, Parks, and Recreation Tax

Tax Rate	3%
Taxed Entity	Hotels and motels
Authorization/Repeal	2018/2022
Purpose	To promote tourism and parks and recreation
Controlling Entity	Governing authorities of the City of Richland
Authorizing Bill	House Bill 1520, 2018 Regular Session

Vaiden Tourism, Parks, and Recreation Tax

Tax Rate	Not to exceed 2%
Taxed Entity	Restaurants
Authorization/Repeal	2018/2022
Purpose	To promote tourism and parks and recreation
Controlling Entity	Governing authorities of the City of Vaiden
Authorizing Bill	Senate Bill 3067, 2018 Regular Session

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