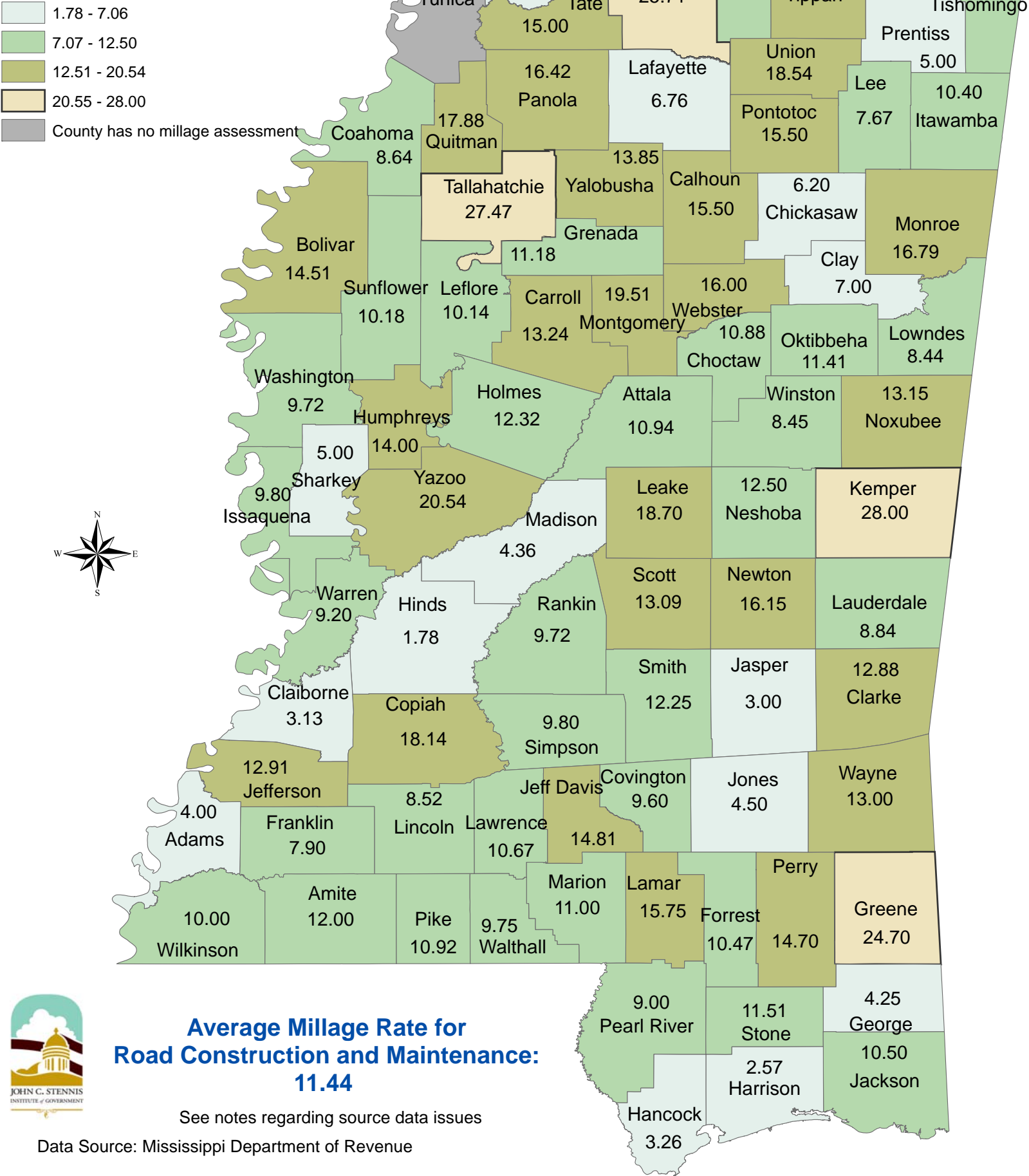


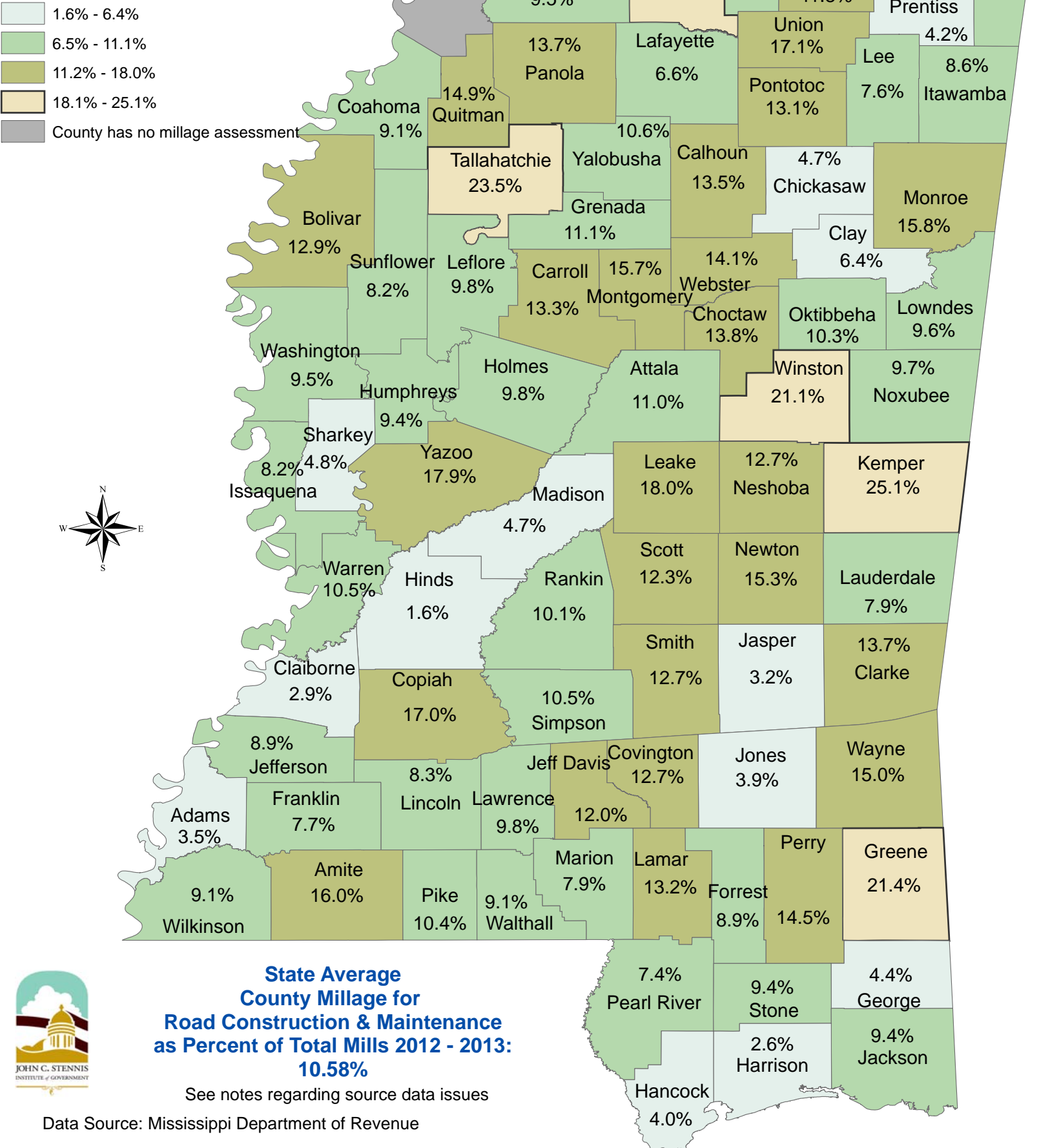
County Millage Allocated to Road Construction & Maintenance 2012-2013

County Millage for Road Construction and Maintenance 2012 - 2013



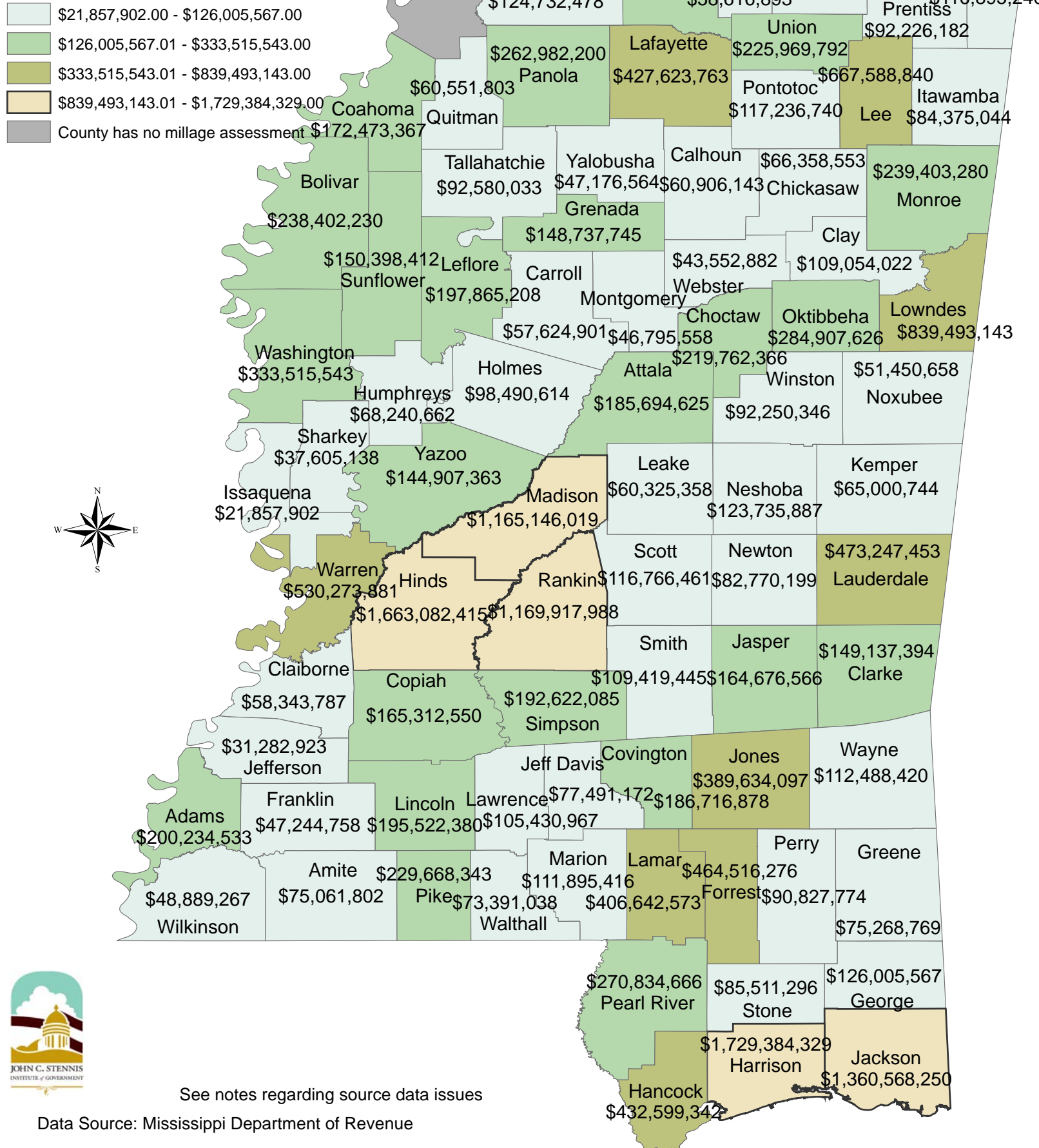
Millage allocated to Road Construction & Maintenance as a Percent of County Total Millage Rate 2012-2013

Road Construction and Maintenance as Percent of Total Mills 2012 - 2013

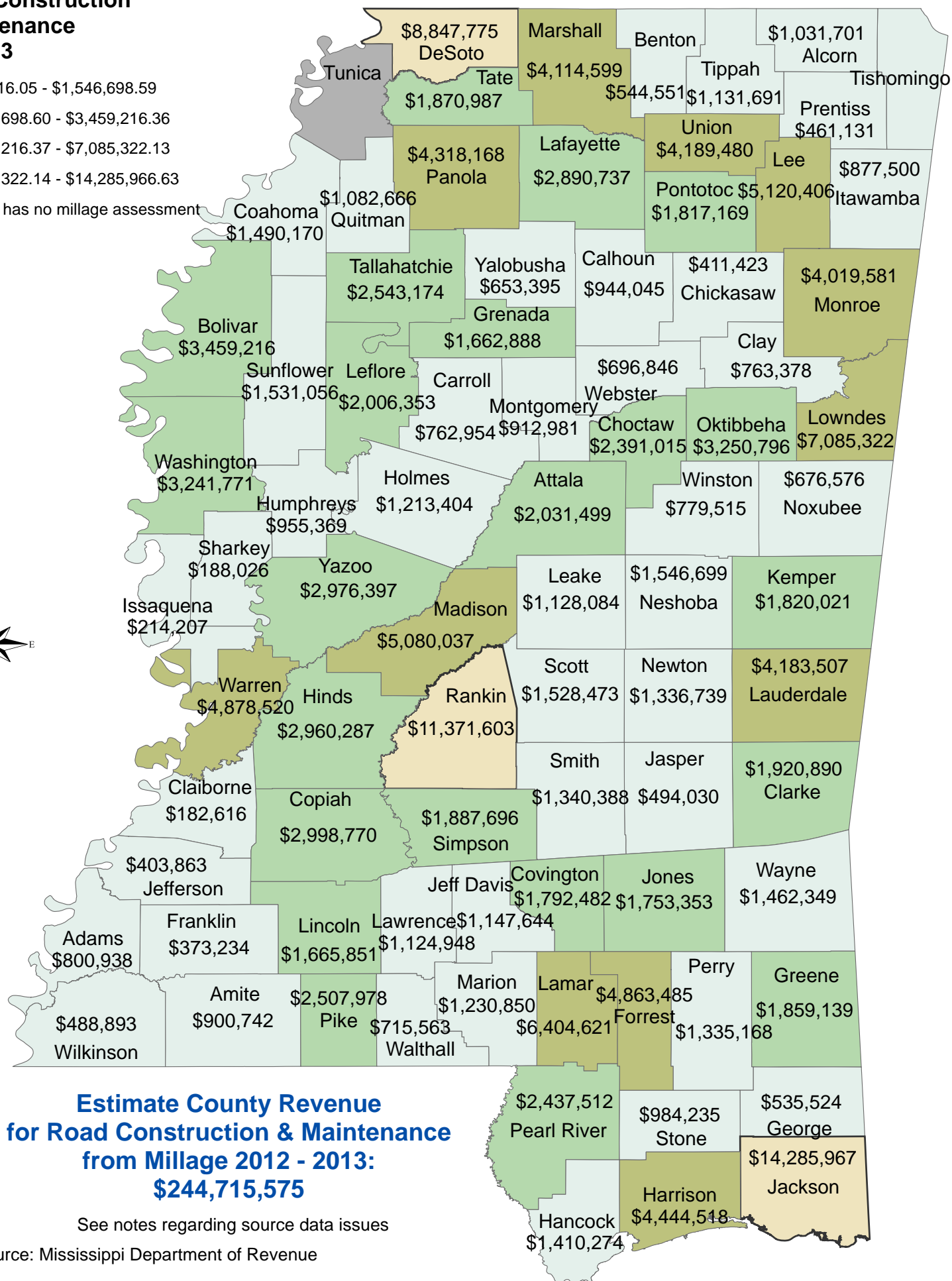


Estimate of Assessed Value upon which Millage for Road Construction & Maintenance is Collected 2013

Estimate of Assessed Value of Real & Personal Property 2013



Estimate Revenue for Road Construction and Maintenance 2012 - 2013



Data Source: Mississippi Department of Revenue

Caveats about the data contained in maps of road tax millage rates and estimates of county road tax revenues:

- The Mississippi Department of Revenue (DOR) collects millage rate data from counties on an annual basis; some data is incomplete or obsolete due no updated information being submitted to the DOR
- DOR may average millage rate data across multiple districts; as a result, the data may not be highly accurate. The data is subject to the correctness of source documents, human and typographical error; when significant variances are detected by the Stennis Institute, every effort is made to obtain more accurate data.
- Estimates of the total assessed value of personal and real property were arrived at by totaling the assessed value of Class 1, Class 2, Class 3, and Class 4 property and then subtracting the exempt assessed value associated with Homestead Exemptions as reported by DOR for Calendar Year 2012 to arrive at the estimated total assessed value of all property within a county. There are significant issues associated with the method used by DOR to report total assessed values and millage rates that may impact the reliability of the estimates of revenues associated with Road Construction and Maintenance millage rates (Road Tax) as reported in the attached maps; to obtain more accurate data would require a comprehensive survey of all counties in the state of Mississippi. To attempt to verify the accuracy of the estimates of revenues associated with the road tax, the Institute reviewed the audited financial statements of 30 counties in the state of Mississippi; this review found a variance of approximately 18 percent between the county revenues associated with the road tax that was reported in county audited financial statements as compared to the estimated revenue projections shown in the attached maps. Due to different methods used by county governments in their annual audited financial statements to report property tax revenues associated with Road Construction and Maintenance ad valorem taxes, it is not possible to obtain more accurate information by reviewing the audited financial statements of all 82 counties in the state of Mississippi; for example, some counties do not report Road Construction and Maintenance ad valorem taxes as a separate item, other counties disaggregate ad valorem taxes associated with Road Construction and Maintenance from ad valorem taxes associated with Bridges and Culverts, and some counties report only the county share of Road Construction and Maintenance ad valorem taxes but not the municipal share of Road Construction and Maintenance ad valorem taxes that are collected within the boundaries of municipalities within the county. In the state of Mississippi, county governments are responsible to pay one-half of the ad valorem tax revenue associated with Road Construction and Maintenance millage rates on property that is within a municipality to the treasurer of the municipality (§ 65-15-21) — ad valorem tax revenue associated with the millage rate assessed for Bridges and Culverts are not subject to this sharing; in lieu of this one-half share payment, county and municipal governments may contract for the county government to maintain streets within the municipality. Within the context of the high cost of obtaining perfect information regarding county ad valorem tax revenues associated with Road Construction and Maintenance millage rates, the Stennis Institute determined that the information contained in the maps on the previous pages is sufficient for the current purposes of its research.

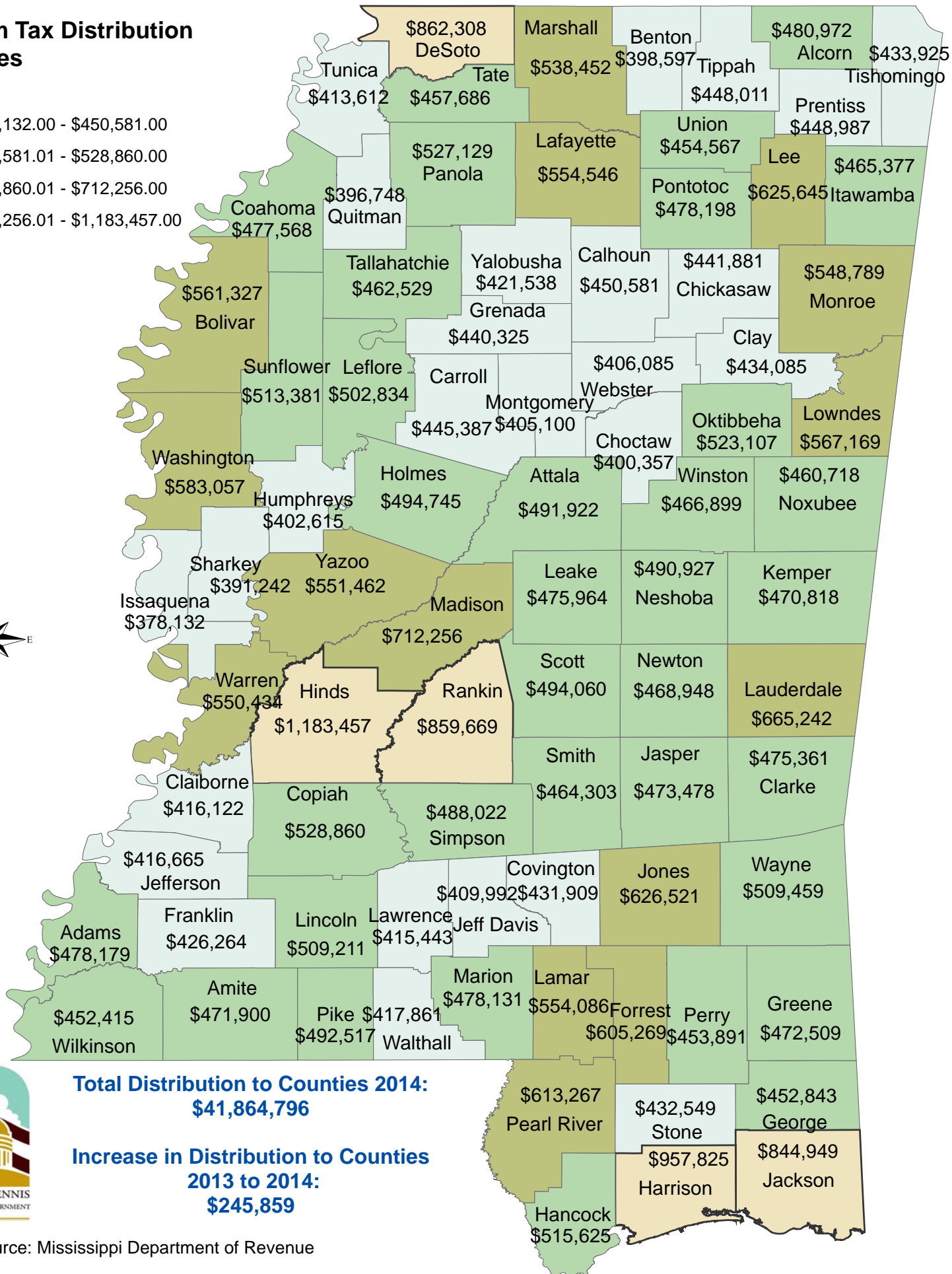
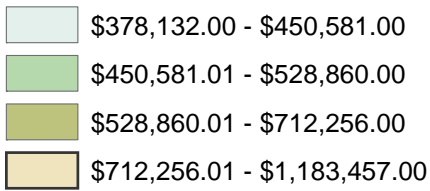
Table 1: Distribution of Petroleum Tax Revenue

Petroleum Tax Transferred to:	7/1/2002 to 6/30/2003	07/1/2007 to 6/30/2008	7/1/2008 to 6/30/2009	7/1/2009 to 6/30/2010	7/1/2010 to 6/30/2011	7/1/2011 to 6/30/2012	7/1/2012 to 6/30/2013	7/1/2013 to 6/30/2014	Increase/Decrease Amount 2013 to 2014	Increase/Decrease Percentage 2013 to 2014
General Fund* (see §27-59-307)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
Highway Department	\$261,233,815	\$302,976,384	\$289,708,226	\$275,108,796	\$288,393,774	\$287,964,437	\$282,300,378	\$285,247,107	\$2,946,729	1.04%
State Aid Road Fund (§65-9-1 through 65-9-29)	\$51,792,511	\$54,189,663	\$53,354,139	\$50,476,817	\$52,378,515	\$52,719,800	\$52,194,660	\$52,623,704	\$429,044	0.82%
Dept of Marine Resources (appropriated)	\$3,050,000	\$3,086,500	\$3,050,000	\$3,050,000	\$3,050,000	\$3,050,000	\$3,050,000	\$3,050,000	\$0	0.00%
Counties (§27-5-101)	\$40,594,235	\$44,611,316	\$44,287,058	\$41,573,099	\$40,186,657	\$41,555,057	\$41,594,851	\$41,037,651	(\$557,200)	-1.34%
Road Protection - Coast Counties	\$3,150,256	\$3,230,823	\$3,153,691	\$3,145,672	\$3,054,557	\$3,131,114	\$2,811,431	\$3,008,387	\$196,956	7.01%
Seawall - Coast Counties (§65-33-47)	\$5,920,806	\$6,031,443	\$5,963,277	\$5,974,135	\$5,778,509	\$5,883,769	\$5,314,057	\$5,697,689	\$383,632	7.22%
Miss. Groundwater Protection Trust Fd. (§49-17-407)	\$9,697,150	\$10,073,016	\$8,223,448	\$13,536	\$8,889,785	\$9,715,862	\$9,550,835	\$1,656,365	(\$7,894,470)	-82.66%
Fire Marshal's Office (§27-59-49)	\$429,400	\$356,321	\$327,598	\$338,193	\$290,556	\$257,809	\$300,828	\$319,124	\$18,296	6.08%
Dept of Ins. Propane Education Fund (§75-57-119)	\$165,748	\$137,540	\$126,453	\$130,543	\$112,155	\$99,514	\$110,340	\$123,182	\$12,841	11.64%
Municipal Aid	\$1,547,295	\$1,547,295	\$1,547,295	\$1,547,295	\$1,547,295	\$1,581,287	\$1,581,287	\$1,581,287	\$0	0.00%
Aeronautics Commission (§27-5-101 (d))	\$1,475,700	\$1,855,404	\$1,714,835	\$1,607,328	\$1,774,606	\$1,651,123	\$1,717,327	\$1,646,869	(\$70,458)	-4.10%
Department of Wildlife, Fisheries, Parks (appropriated)	\$5,750,000	\$5,750,000	\$5,750,000	\$5,750,000	\$5,750,000	\$5,750,000	\$5,750,000	\$5,750,000	\$0	0.00%
Railroad Revitalization Fund (§27-5-307 & §321)	\$176,928	\$190,291	\$162,980	\$164,158	\$174,596	\$168,016	\$168,574	\$191,781	\$23,207	13.77%
Gasoline Boat and Water Safety	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
IFTA Tax (Compact)	\$9,130,705	\$14,490,452	\$13,751,698	\$11,139,004	\$7,801,049	\$9,842,451	\$8,791,495	\$9,126,353	\$334,858	3.81%
Gaming Counties Bond Sinking Fund (§65-39-3) (appropriated)	\$18,253,209	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
Total Petroleum Tax Transfers	\$412,367,759	\$448,526,447	\$431,120,698	\$400,018,576	\$419,182,055	\$423,370,239	\$415,236,065	\$411,059,499	(\$4,176,566)	-1.01%
Total Revenue	\$413,398,100	\$449,688,595	\$432,269,221	\$400,991,764	\$420,227,133	\$424,324,978	\$416,122,117	Annual Report not yet available		
Allocated to General Fund	\$1,030,341	\$1,162,147.52	\$1,148,523	\$973,188	\$1,045,078	\$954,739	\$886,054			
* §27-59-119 allocates Natural Gas Tax to General Fund; not shown in Monthly Transfer reports In 2014, this amount was \$696,020										

Sources: Petroleum Tax Transfers sourced from the Monthly Report of Department of Revenue Transferred for Month of June; Total Revenue sourced from Mississippi Department of Revenue Annual Reports

Petroleum Tax Distribution to Counties 2014 (includes municipal share)

Petroleum Tax Distribution to Counties 2014



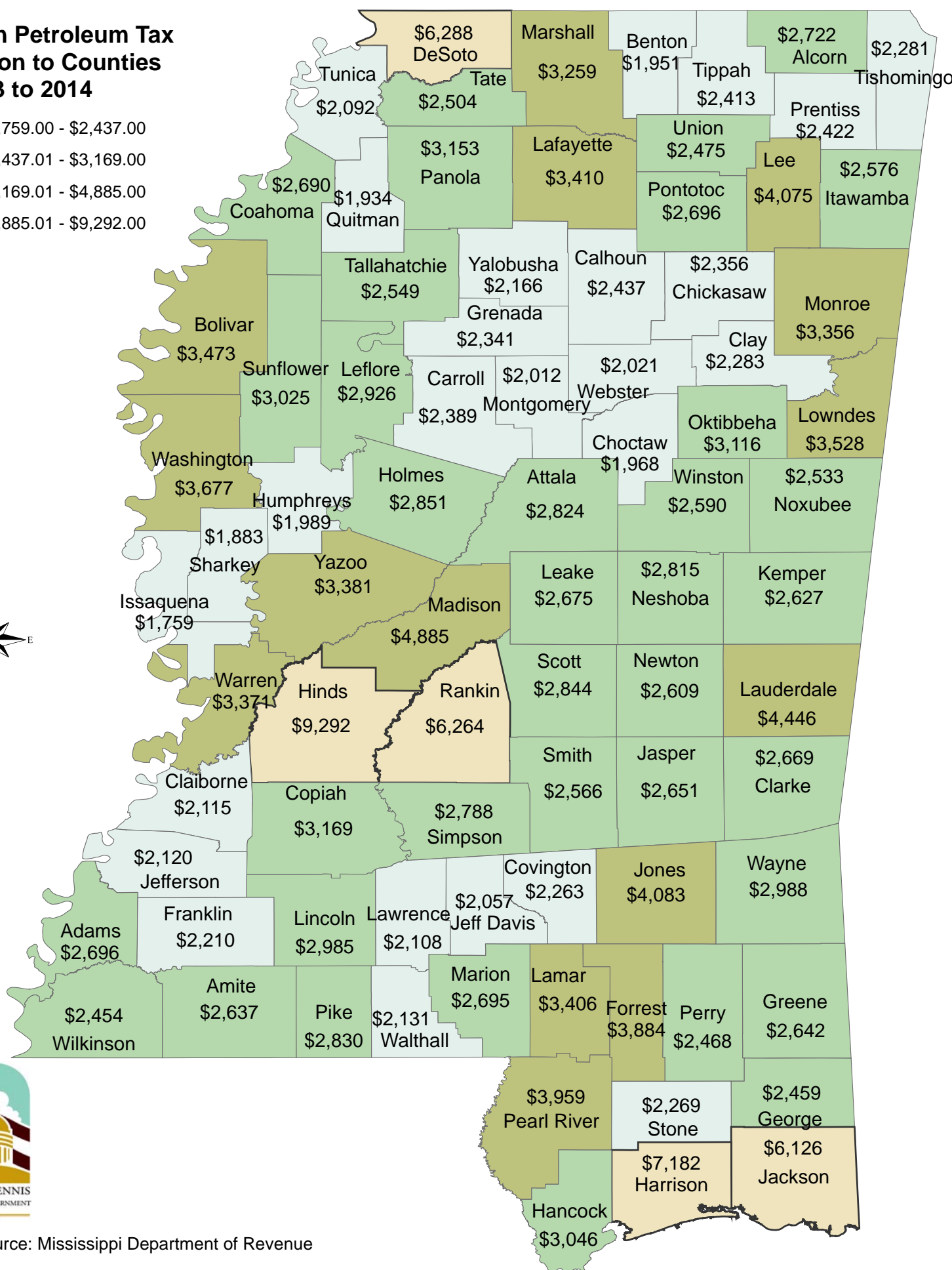
Total Distribution to Counties 2014:
\$41,864,796

**Increase in Distribution to Counties
2013 to 2014:
\$245,859**

Data Source: Mississippi Department of Revenue

(includes municipal share)

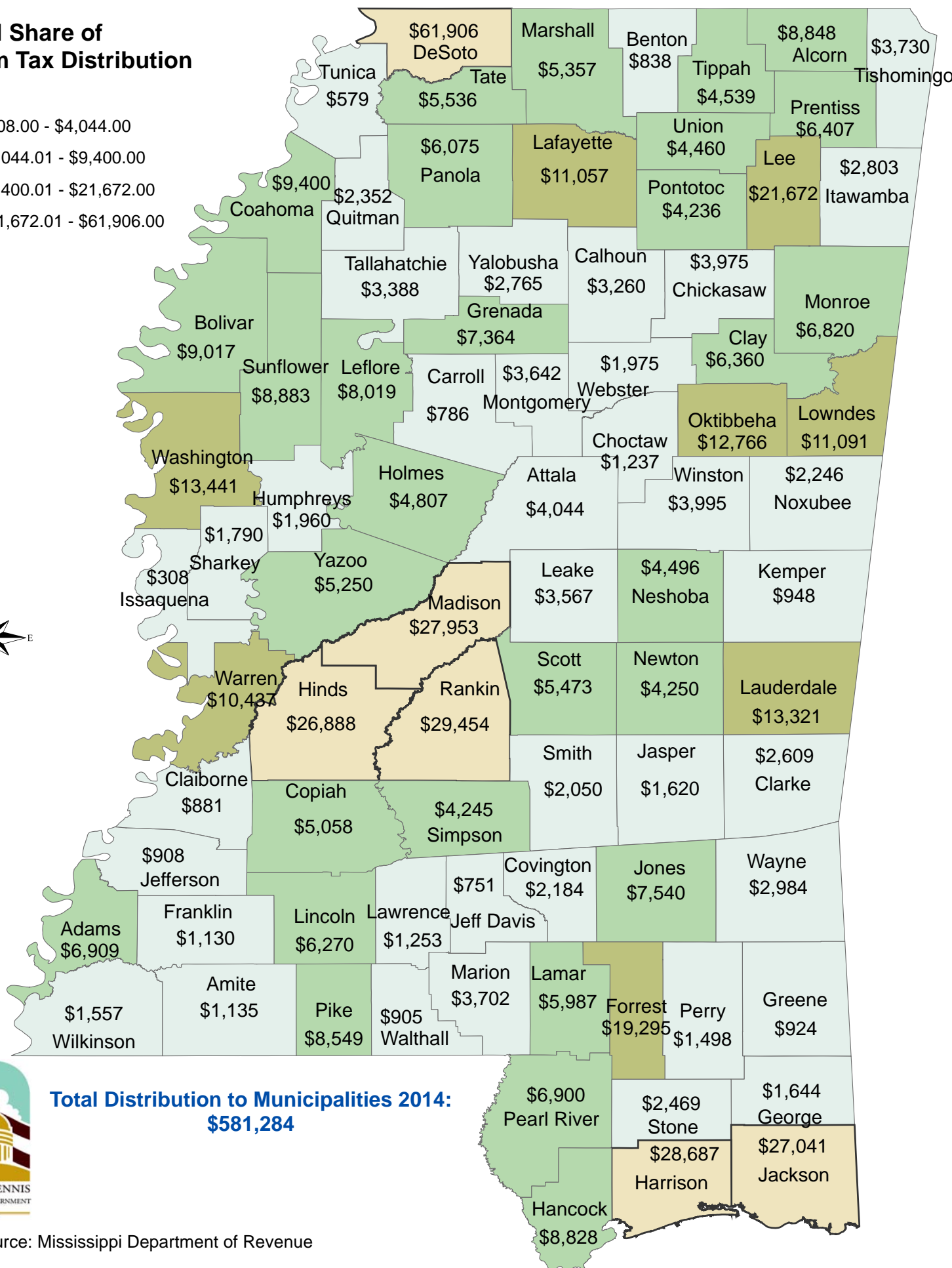
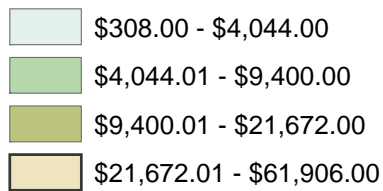
Change in Petroleum Tax Distribution to Counties from 2013 to 2014



Data Source: Mississippi Department of Revenue

Municipal Share of Petroleum Tax Distribution 2014

Municipal Share of Petroleum Tax Distribution 2014



Total Distribution to Municipalities 2014:
\$581,284

Data Source: Mississippi Department of Revenue

County Revenues from Petroleum Tax

- § 27-5-101 defines the distribution of the revenue from gasoline and special fuels to the counties. The county share is the “base” rate of the first 7 cents per gallon for gasoline and the first 10 cents per gallon for un-dyed diesel (a 5/14th share is equivalent to \$0.025 for gasoline and \$0.0357 for un-dyed diesel). After specific transfers (e.g. 5% to State Highway Fund, amounts appropriated to Fisheries and Wildlife, 20% for construction, reconstruction, and maintenance of highways and roads, and amount deposited into the special aviation fund) are made from base tax collections, 5/14th of the remainder is distributed to counties; 27-5-101 provides that a portion of the counties’ share is distributed to municipalities within the county. The 5/14th distribution is determined as follows:
 - Each county receives \$190,000 annually, the municipal share of distribution is deducted from the \$190,000 county share.
 - The remainder is distributed according to the following method:
 - 1/3 share is split evenly among all counties
 - 1/3 share is split based upon the population of each county
 - 1/3 share is split based upon the square mile of each county

Table 2: Example of County Distribution of Petroleum Taxes

The County 5/14th Share of Petroleum Taxes	Taxable Gallons	Cents per Gallon	Revenues & Disbursements
Fuel Type	Taxable Gallons	5/14th Equivalent (35.71% of 7 cents for gas and 10 cents for un-dyed diesel)	Revenue
Un Dyed Diesel	585,484,727	\$0.0357	\$20,901,804.75
Gasoline	1,629,377,156	\$0.0250	\$40,734,428.90
Total Revenue			\$61,636,233.65
Minus Specified Transfers, to include:			
20% for Construction, Recontruction, and Maintence of Highways & Roads:			(\$12,327,246.73)
5% to State Highway Fund:			(\$3,081,811.68)
Department Wildlife. Fisheries, Parks (estimated):			(\$5,750,000)
Remainder for Distribution to Counties:			\$40,477,175
minus Minimum allocations to counties of \$190,000:			\$15,580,000
"Surplus" - distributed to counties using 1/3 split calculations:			\$24,897,175
<i>Note the Municipal Share of Petroleum Tax Revenue is deducted from the County's \$190,000 minimum share</i>			

Limitations on county expenditures of Petroleum Tax Revenues:

- Counties that have road or bridge bonds outstanding that exceed 12 percent of the assessed value of taxable property in the county are required to set aside 60 percent of the county's share of Petroleum Tax revenues to be used in paying the principal and interest on road and bridge bonds
- Counties that have road and bridge bonds outstanding that exceed 8 percent of the assessed value of taxable property in the county, but less than 12 percent of assessed value of taxable property in the county, are required to set aside not less than 35 percent of the county's share of Petroleum Tax revenues to be used in paying the principal and interest on road and bridge bonds
- Counties that have road and bridge bonds outstanding that exceed 5 percent of the assessed value of taxable property in the county, but less than 8 percent of the assessed value of taxable property in the county, are required to set aside not less than 20 percent of the county's share of Petroleum Tax revenues to be used in paying the principal and interest on road and bridge bonds
- Counties that have road and bridge bonds outstanding which do not exceed 5 percent of the assessed value of taxable property in the county are required to set aside not less than 10 percent of the county's share of Petroleum Tax revenues to be used in paying the principal and interest on road and bridge bonds
- After meeting the regulatory set aside requirement for Petroleum Tax revenues, the use of Petroleum Tax revenues for the construction and maintenance of roads and bridges is at the discretion of the County Board of Supervisors
- County Boards of Supervisors are not required to set aside Petroleum Tax revenues for the purpose of paying the principal and interest on road and bridge bonds when the county has, on hand and in a special fund, sufficient funds to pay the principal and interest on these bonds (§ 65-15-11)

Above sourced from Mississippi Code § 27-5-101

Other Limitations on County Spending to Construct and Maintain County Roads and Bridges

County supervisors in the state of Mississippi have an inclination to maximize spending on the construction and maintenance of roads and bridges because voters frequently judge their performance based upon the quality of the transportation infrastructure; they must balance this inclination with the need to constrain budgets and constrain ad valorem tax rates in order to gain continued support from voters. In the state of Mississippi, ad valorem tax revenues for the construction and maintenance of roads and bridges is also constrained by law; the aggregate receipts from ad valorem tax levies for the construction and maintenance of roads and bridges shall not exceed the aggregate receipts during any one of the immediately preceding three fiscal years by more than 10 percent, with the exception of revenues associated with new properties that are added to the tax rolls and were not included in assessed values in prior years. This limitation may only be modified through a referendum that obtains a majority of the vote in an election held for the specific purpose of increasing spending on roads or bridges (§ 27-39-305).

In the state of Mississippi, ad valorem tax revenues associated with the millage rate levy for Road Construction and Maintenance must be spent for that purpose and kept in a separate fund for that purpose. When ad valorem tax revenues for Road Construction and Maintenance exceed the statutory limitation of a 110 percent increase, the board of supervisors must deposit these excess receipts into a special account and credit it to the county road and bridge fund, calculate these excess funds into the

road and bridge budget for the succeeding fiscal year and reduce the taxes imposed for Road Construction and Maintenance for the succeeding year by the amount of the excess funds available (§ 27-39-305).

In addition to ad valorem tax revenues for Road Construction and Maintenance and Petroleum Tax revenues, counties receive revenue from multiple other sources that may be used for Road and Bridge Construction and Maintenance; these revenue sources include, but are not limited to:

- Utility in lieu payments (i.e. Tennessee Valley Authority or Grand Gulf in lieu payments)
- Gas, Oil, and Timber severance taxes

In the case of in lieu payments, there are statutory limitations on how counties may allocate these revenues. For example, Tennessee Valley Authority in lieu payments may be authorized for expenditure on road and bridge construction provided these expenditures do not exceed 30 percent of the general fund in any one fiscal year, or the county may distribute the county's share of the TVA in lieu tax between the school districts and for the construction of roads and bridges in an amount that is proportional to the percentage distribution of the total county millage allocated to schools and to the road and bridge fund (§ 27-39-303).

Table 3: Distribution of TVA In Lieu Payments

TVA In Lieu transferred to:	April 2012 to March 2013	April 2013 to March 2014	Change in \$ Amount	Percent Change
General Fund	\$2,410,370	\$2,848,136	(\$437,765)	-15.37%
TVA in Lieu Tax (Counties)	\$11,257,168	\$13,251,766	(\$1,994,598)	-15.05%
TVA in Lieu Tax (Municipalities)	\$5,159,200	\$6,244,906	(\$1,085,706)	-17.39%
TVA in Lieu Tax (Schools)	\$5,499,849	\$6,521,349	(\$1,021,500)	-15.66%
Total TVA In Lieu Transfers	\$24,326,587	\$28,866,157	(\$4,539,570)	-15.73%

Source: Mississippi Department of Revenue

TVA in lieu payments are based upon five percent of the gross proceeds from power sales, and the funds are divided based on revenues from power sold in the state and the value of power-generating property within each state where TVA owns and operates property. States may use TVA in lieu payments as they see fit and each state determines the distribution of TVA in-lieu payments. In the state of Mississippi 10 percent of TVA payments are retained for the general fund, Tishomingo County received 12.5 percent of the total payment plus its allocated share of sales, the remaining counties, municipalities, and school systems (69 school systems) receive 77.5 percent of the total payment based upon the ratio of TVA power distributors' sales and TVA direct sales to industrial and governmental customers to total sales within the state. TVA's use of sale-and-lease back arrangements with electric generation and transmission cooperative can negatively impact the distribution of payments made to states, this was the case in Mississippi following the sale of TVA's Southaven and Caledonia plants. Other factors that determine the revenue associated with TVA in lieu payments include the pace of economic growth and demand for electricity, recent economic downturns combined with increase energy efficiency has resulted in a decline in the revenues associated with TVA in lieu payments.

Environmental Protection Fee (§ 49-17-4407) – Groundwater Trust Fund (Mississippi Underground Storage Tank Act of 1988)

Imposes an additional fee of $\frac{4}{10}$ th of 1 cent on gasoline, diesel, or gasohol for the support of the Groundwater Trust Fund; technically, when this tax is imposed the actual tax on gasoline, diesel, or gasohol is 18.4 cents per gallon in the state of Mississippi. When the balance in the fund exceeds \$10 million, then the imposition of the fee is suspended until the balance falls below \$6 million. The fee is levied upon bonded distributors who sell or deliver motor fuels to a retailer or used in the state. Funds to be used to make payments to any third party who brings a third-party claim against any owner of an underground storage tank and who obtains a final judgment in action that is valid and enforceable or may be used to make payments to approved Environmental Response Action Contractors (ERACs) and other parties involved in the site study and cleanup. For cleanup purposes, payments are limited to a maximum of \$1,500,000 per site and for third-party judgments payments are limited to a maximum of \$1,000,000 per site. Funds are only provided for leaks of motor fuels or aviation fuels, but not available for leaks of other agricultural chemicals and fertilizers, butane or propane. Funds may also be used for the investigation and assessment of contamination sites and the restoration or replacement of potable water supplies. The Trust Fund is administered by the Executive Director of DEQ through the office of Pollution Control. In years when the fee was imposed, annual average associated revenues ranged from \$8 to \$10 million.

§ 27-59-49 – Apportionment of proceeds to the State Fire Marshal

Imposes a tax of $\frac{1}{4}$ th cent per gallon on liquefied compressed gas to defray the expenses of the State Fire Marshal in the administration of the Liquefied Compressed Gas Equipment Inspection Law (imposed in § 27-59-11). This tax is imposed upon any person engaged in business as a distributor of compressed gas, excepting natural gas.

§ 75-57-119 – Apportionment of proceeds to Department of Insurance for Education and Research

Imposes an assessment of $\frac{1}{10}$ th cent on per gallon on compressed gas except for compressed natural gas or liquefied natural gas. This assessment may not increase by more than $\frac{1}{10}$ th cent per gallon per year and the total assessment shall not exceed $\frac{1}{2}$ cent per gallon. Revenues may be used for the purpose of promoting the growth and development of the propane industry in Mississippi; State Tax Commission may retain three and $\frac{1}{2}$ percent of the funds for administrative fees and the Department of Insurance may retain three and $\frac{1}{2}$ percent of the funds for administrative fees. Propane dealers may request a refund of the amount of assessment remitted from the sale of propane if he makes written application to the Department of Insurance. At the end of each quarter, the Department of Insurance shall make all unencumbered funds collected to the State Liquefied Compressed Gas Board.

§27-5-101 (d) – Apportionment of proceeds to the Aeronautics Commission

Imposes a tax of \$.0525 cents per gallon on oils used as a propellant for jet aircraft engines, a tax of \$.064 cents per gallon on aviation gasoline, and a tax of \$.01 cent per gallon on each gallon of gasoline for which a refund has been made because the gasoline was used for aviation purposes. This tax is to be used to for the support and development of aeronautics as defined in § 61-1-3 which delegates the authority of the “Aeronautics Commission” as the responsibility of the Department of Transportation.

§ 27-59-307 and 321 – Apportionment of proceeds to the Railroad Revitalization Fund

A tax of \$0.75 cents per gallon is imposed upon any person using locomotive fuel in a railroad locomotive in the state of Mississippi (§27-59-307); the proceeds of this tax are deposited into the Railroad Revitalization Fund (§ 27-59-321). Under § 57-43-1 which establishes the Railroad Revitalization Fund for the purpose of the development of a comprehensive state rail plan, which is to include distinct freight and passenger components. Money in this fund may be used separately or in combination with available federal funds for railroad research, railroad planning, and railroad administration costs incurred by the Mississippi Department of Transportation that are attributable to railroad revitalization projects, assistance to railroads for the rehabilitation or improvement of rail lines, and the construction or improvement of railroad facilities. Stipulates that during fiscal years 2009 and 2010, a total amount not to exceed \$250,000 shall be used to develop the State Rail Plan which shall be used to update the plan, not less than every five years. (see also §57-46-1 Mississippi Railroad Improvements Fund managed by MDA).

§ 27-59-307 – Apportionment of proceeds to the General Fund

A tax of \$ 0.12 per MCF is imposed on natural gas used as a fuel in oil field or gas field production pumps in the state; a tax of \$0.03 per MCF is imposed on natural gas used as a fuel in pipeline compressors, pumping stations, or in engines or motors used for industrial purposes by a manufacturer or custom processor in the state. §27-59-321 allocates the proceeds of these taxes on natural gas to the general fund.

§ 65-39-3 – Gaming Counties Bond Sinking Fund

Funds may be appropriated by the Mississippi Legislature to pay the interest on and principal of bonds issued for the purpose of funding infrastructure. Funds may be appropriated by the Mississippi Legislature (§ 65-39-1) to the Mississippi Department of Transportation to conduct feasibility studies, select routes and locations, perform preliminary engineering, acquire necessary right-of-way, and construct, reconstruct, or improve highways, roads, streets, and bridges within and approaching those counties in the state where legal gaming is conducted or is authorized.

Related 2013 State Agency Budgets

Table 4: Office of State Aid Road Construction Budget 2013

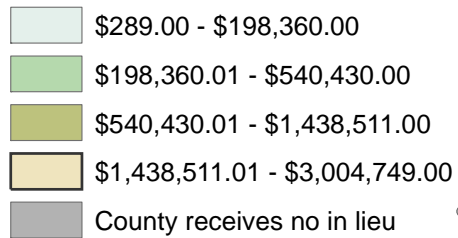
Office of State Aid Road Construction (Budget # 2946)	
Salaries	\$3,046,444.68
Travel and Subsistence	\$39,648.13
Contractual	\$679,813.78
Commodities	\$67,061.76
Capital Outlay -Equip.	\$25,405.46
Subsidies, Loans, Grants Total	\$96,415,902.34
Total:	\$100,274,276.15
Special Funds:	\$195,799,357.00
Source: 2013 Supplement to CAFR, Office of Finance and Administration	

Table 5: Department of Transportation 2013 Budget

Department of Transportation (Budget # 3941)	
Salaries	\$158,746,617.40
Travel and Subsistence	\$2,823,020.43
Contractual	\$146,133,211.75
Commodities	\$36,374,443.52
Capital Outlay -Other	\$619,943,588.14
Capital Outlay -Equip.	\$11,870,677.39
Capital Outlay -Vehicle	\$364,836.00
Capital Outlay -Wireless	\$20,945.20
Subsidies, Loans, Grants	\$130,688,855.95
Total	\$1,106,966,195.78
Special Funds	\$1,180,989,418.00
Local System Bridge Program (Budget # 3948)	
Subsidies, Loans, and Grants	\$14,828,112.52
Special Funds	\$40,000,000
Source: 2013 Supplement to CAFR, Office of Finance and Administration	

(does not include payments to municipalities and school districts)

TVA In Lieu 2013/2014



TVA In Lieu Payments to Counties 2013/2014:

\$13,251,766

Change in In Lieu Payments to Counties

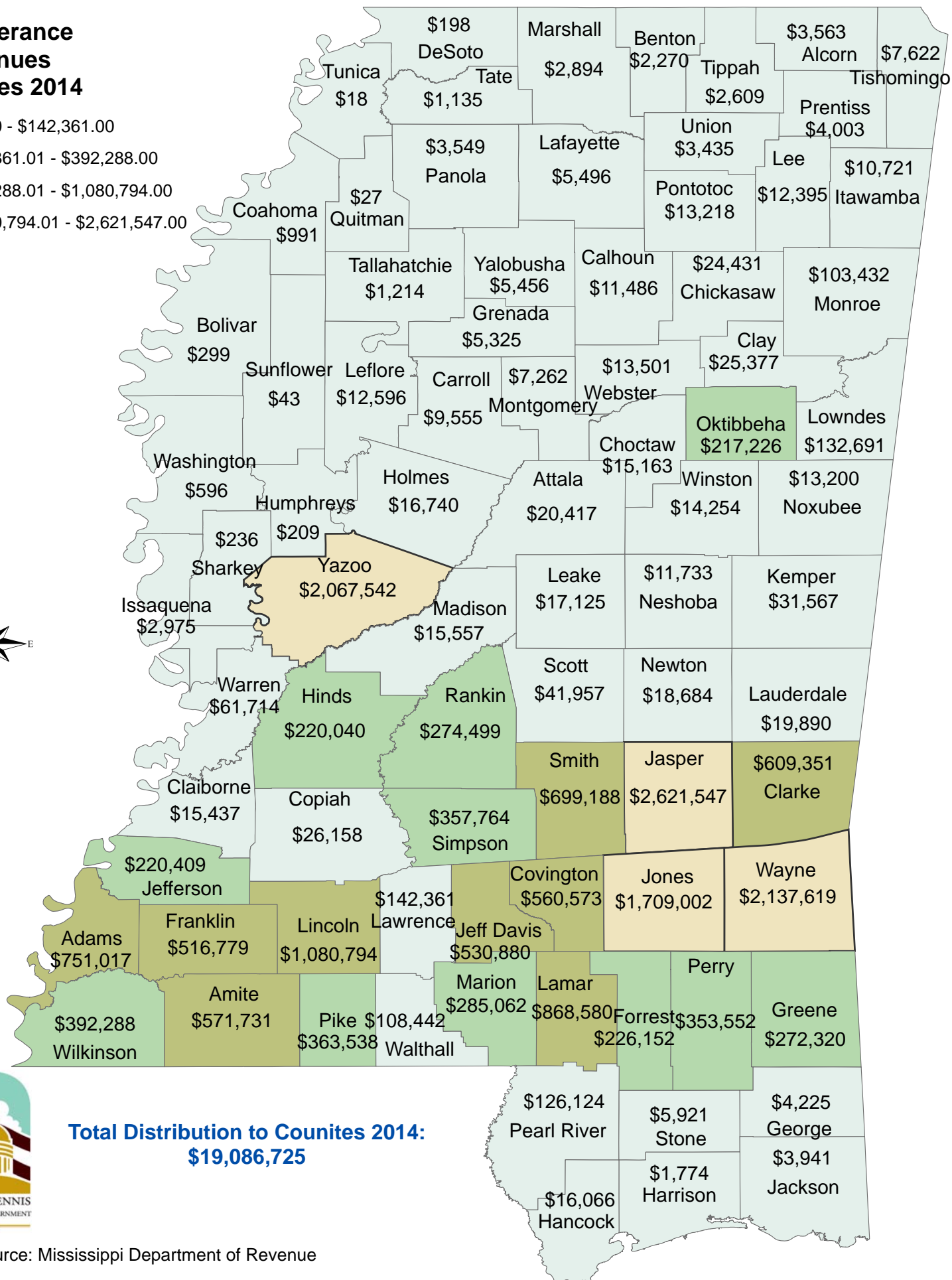
2012/2013 to 2013/2014:

- \$1,994,598

Data Source: Mississippi Department of Revenue

Income Tax Revenue to C (Gas, Oil, and Timber)

Total Severance Tax Revenues to Counties 2014

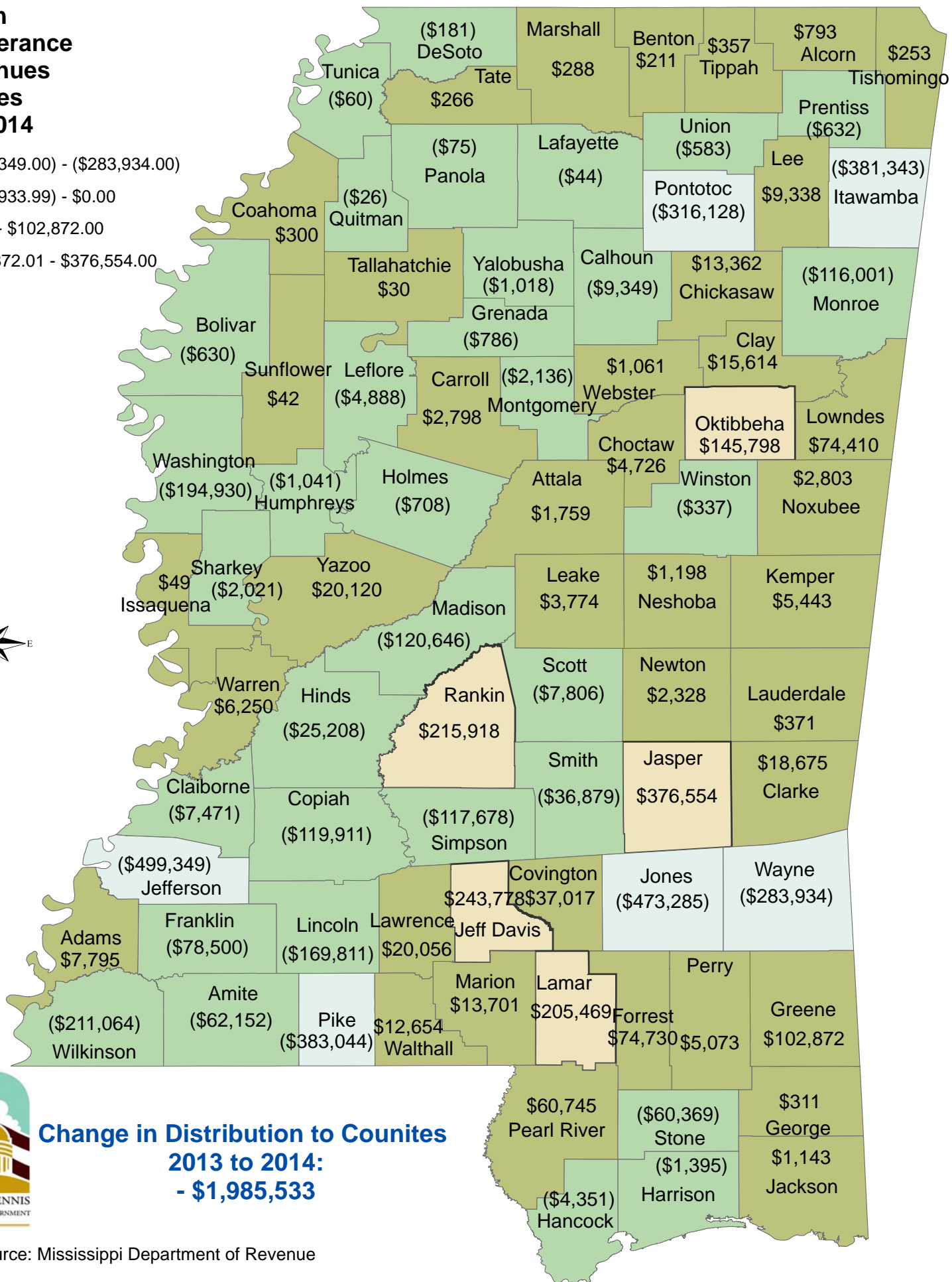
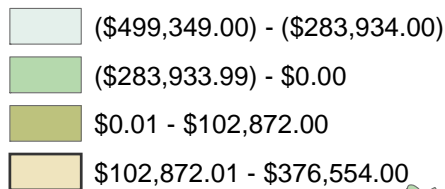


Total Distribution to Counites 2014:
\$19,086,725

Data Source: Mississippi Department of Revenue

Change in Total Severance Tax Revenue to Counties 2013 to 2014 (Gas, Oil, and Timber)

Change in Total Severance Tax Revenues to Counties 2013 to 2014

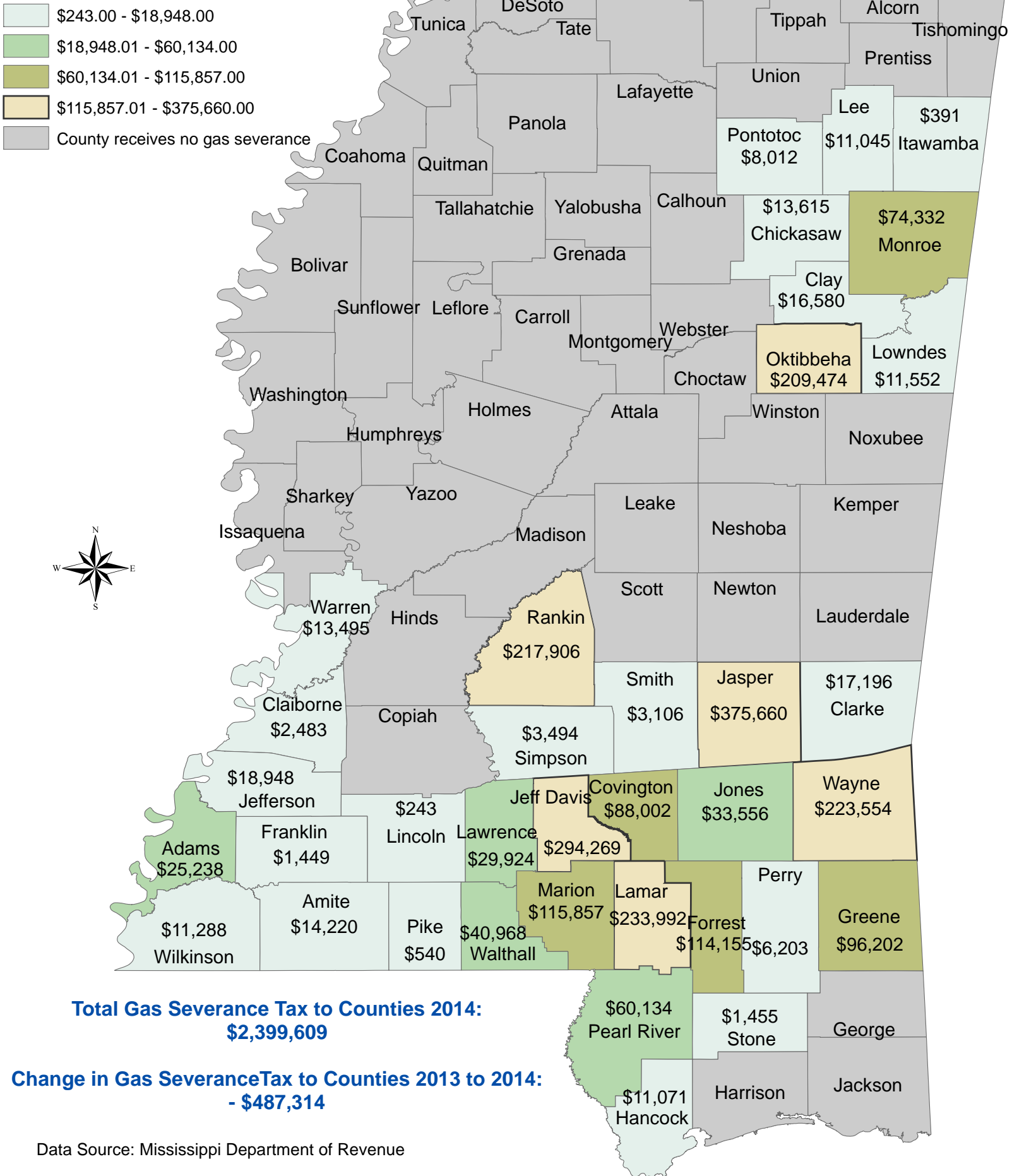


**Change in Distribution to Counties
2013 to 2014:
- \$1,985,533**

Data Source: Mississippi Department of Revenue

Gas Severance Tax Revenue to Counties 2014

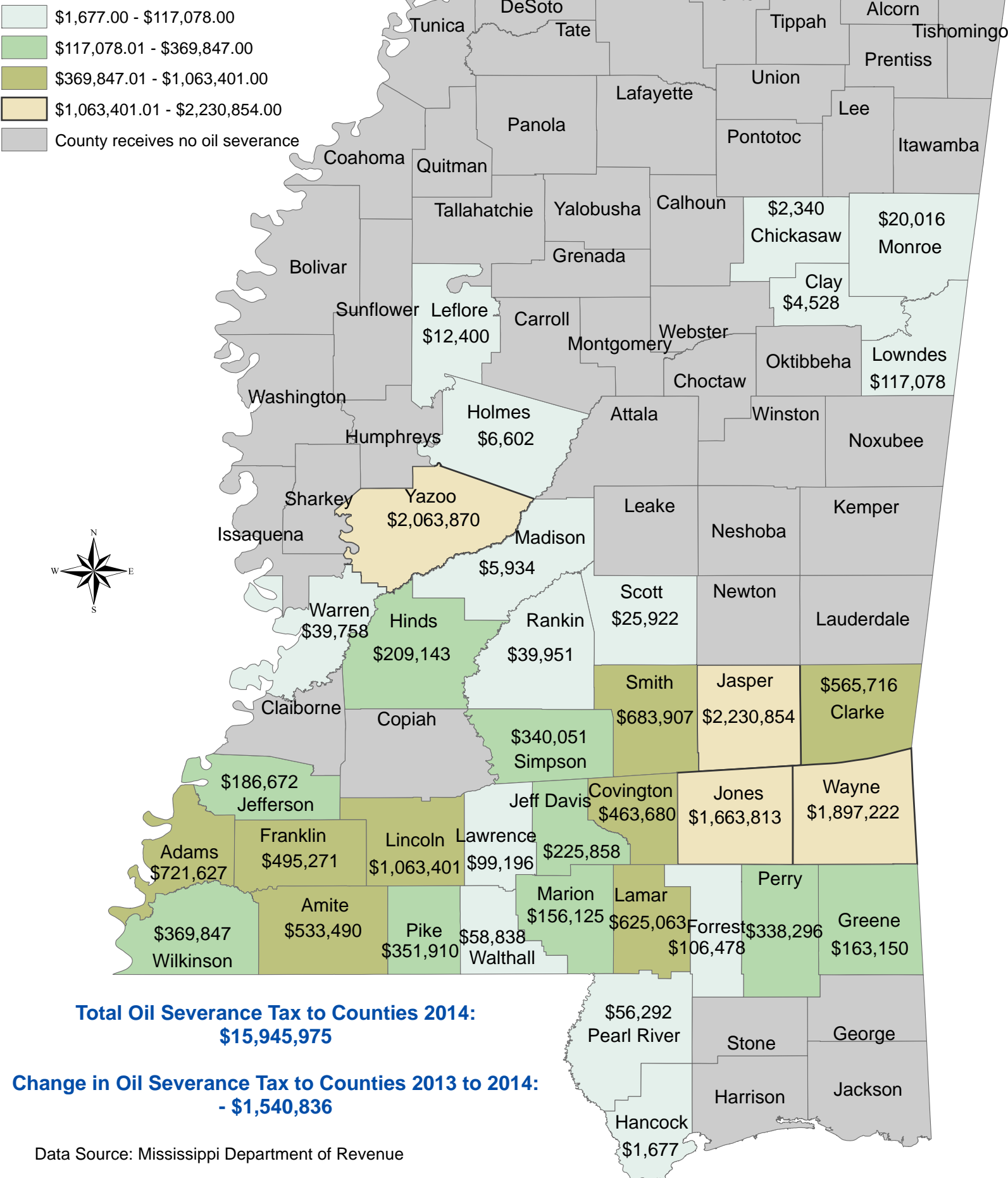
County Revenue from Gas Severance Tax 2014



Data Source: Mississippi Department of Revenue

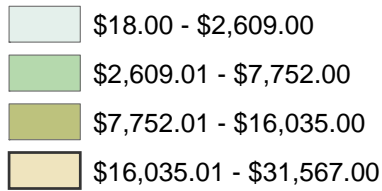
Oil Severance Tax Revenue to Counties 2014

County Revenue from Oil Severance Tax 2014



Timber Severance Tax Revenue to Counties 2014

County Revenue from Timber Severance Tax 2014



Total Timber Severance Tax to Counties 2014:
\$741,151

Change in Oil Severance Tax to Counties 2013 to 2014:
+ \$42,617

Data Source: Mississippi Department of Revenue