Mississippi Municipal
Revenue Partnership

ACCURATE ALLOCATIONS. RELIABLE LOCAL SERVICES.
ACCOUNTABLE RESULTS.

Objections and FAQ — Mississippi Municipal Revenue Modernization Plan

Mississippi Municipal Revenue Partnership · Version 1.0

A partnership of Mississippi cities and towns. Not a governmental body; does not solicit contributions.

1. Is this a tax increase?

No. The consumer rate and taxable base stay unchanged. The plan changes how existing sales and use taxes are allocated, verified, and reported.

2. Why begin with an audit?

Because HB 898 already directs the review, and because a larger share is only meaningful if coding and situs are correct. Step Zero ensures each municipality receives what current law already directs.

3. What is a covered sales dollar?

A dollar of municipal business activity to which the ordinary diversion clause in Mississippi Code Section 27-65-75 applies. Statutory exclusions and separately treated categories are preserved.

4. Why 30 percent?

Cities provide the services that support the commerce generating these taxes, and the arithmetic is short enough to check. Under the ordinary diversion today a municipality receives 18.5 percent of the covered 7-cent tax, which is 1.295 cents of every covered sales dollar. At the 30 percent endpoint it receives 2.100 cents, an additional 0.805 cents; the State and other statutory allocations retain 4.900 cents of the same 7-cent tax. The move is phased over six years, and the next uncompleted step pauses if adjusted General Fund collections decline. The grocery share is paired at 42.0 percent so that a municipality receives the same 2.100 cents from the 5-cent grocery rate. The consumer rate and the taxable base do not change.

5. How large is the State effect?

The per-dollar effect is published in full: State and other statutory allocations move from 5.705 cents to 4.900 cents of the covered 7-cent dollar. The Partnership will not publish a statewide dollar figure derived from an unofficial base — that number belongs to the Department of Revenue and the Legislative Budget Office.

6. Does Mississippi have a budget surplus?

The State has recorded repeated annual General Fund collections above appropriations, and maintains substantial reserves. These are annual closeout measures and dedicated funds, not one accumulated unrestricted account.

7. How does the revenue pause work?

If actual adjusted General Fund collections decline year over year, the next uncompleted step pauses, completed steps are preserved, and the schedule resumes in the first growth year.

8. How does the income-tax step-down affect timing?

The enacted schedule reduces the rate from 4.00 percent to 3.00 percent between 2026 and 2030. Municipal services should receive the same kind of predictable planning before future revenue growth is fully committed.

9. How does this help small towns?

Through defined use-tax flexibility inside the existing pool formula: public-safety capital uses and a capped operating allowance, with the equal-share first $3 million preserved.

10. Why not require cities to use unused millage?

Property-tax decisions remain local decisions. This plan addresses the allocation of taxes already collected at the point of sale; it makes no property-tax promise in either direction.

11. Did MIMA, 2026 project funding, and emergency loans already help cities?

State programs have provided meaningful project support. They are grants and loans for specific purposes, not a recurring share of the taxes municipal commerce generates.

12. Does point-of-sale diversion favor retail hubs?

The ordinary diversion follows business activity, and the paired use-tax pool balances the picture: equal shares on the first $3 million and a population component in the remainder. The plan strengthens both halves.

13. What accountability applies to cities?

Standardized annual reporting, common spending categories, audit or agreed-upon-procedures coverage, open-meeting votes for the operating allowance, and published methodology for every example.

14. Will this keep property taxes from rising?

It can reduce the pressure to raise them. As more purchasing moves online, a larger, verified share of the sales and use taxes municipal commerce already generates helps cities maintain services without leaning harder on other local revenues. No promise is made about property-tax rates in either direction; those decisions remain with each governing authority.

15. What if State leaders say cities should levy their own tax?

> Cities are first asking for a larger share of taxes already collected by the State. If State leaders prefer to authorize a local tax instead, that alternative should be evaluated openly, including its rate, base, voter or governing-authority approval process, interaction with existing diversions, and effect on taxpayers.

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