

Mississippi Association of Supervisors 2018 Annual Summer Conference

Bridge Funding: Is There A Solution In Sight?

MAS Staff

Today's Discussion

- County Government Services Expand Over the Years
- State Leaders Battle Over Possible Long-term Solutions
- Federal Involvement & Possible Short Term Solutions
- Public Opinion Grows Strong

State Mandates on County Spending/Taxing

Since the 1980s, various laws has passed that require counties to take on more responsibilities/services or offer incentives, without additional revenue. The following are a few:

- Homestead Exemption: (Counties must provide this exemption to eligible applicants) (Established in 1983)
- Garbage/Rubbish Disposal: (Boards of Supervisors and/or Municipal governing body shall provide for the collection and disposal of garbage and the disposal of rubbish) (Established in 1992)
- Mandated Education Funding: (Counties shall determine the millage rate necessary to generate funds equal to the dollar amount requested by the school board) (Established in 1997)
- IRS Section 42 Housing Development: (Counties cannot assess Section-42 Housing properties in a fair and equitable manner) (Established in 2005)

Solution Efforts By The Legislature

MS House of Representatives

- **House Bill 722**: *Brief Description*: Diverted 35% of the state's use tax to counties and municipalities for maintenance and reconstruction of roads, streets, and bridges.
- **House Bill 358**: *Brief Description*: Bond issuance for \$50 million. 25% for counties and 25% for municipalities.
- **House Bill 354**: *Brief Description*: Fifty-percent of the state general fund that's above two-percent in any fiscal year shall be deposited into a special fund in the state treasury for repair, maintenance, and reconstruction of state, county, municipal roads, streets and bridges. (60% MDOT/ 25%County/ 15%Cities)

Solution Efforts By The Legislature cont'd

MS State Senate: The B.R.I.D.G.E. Act (5 Year Plan)

Bonding Side

Total: \$148.2 Million

- \$60 Million LSBP
- \$10 Million Limited Counties Small Municipalities Grant
- \$20 Million MDA Match Grant Program
- \$8 Million DEQ/Dept. Health Rural Water
- \$7.5 Million Railroad Improvement
- \$2.75 Million Soil Water Conservation
- \$30 Million High Growth/Population Counties
- \$10 Million Economically Distressed Counties

Revenue Diversion Side

- \$125 Million Municipal Diversion Fund
- \$50 Million Ending Cash Balance Growth
- \$25 Million Transferred From MDOT
- \$15 Million Auto Tag Fees
- \$112 Million from the 2% General Fund Set-Aside
- Updated Mississippi privilege tax laws to ensure the state captures revenue from new energy efficient vehicles.

Solution Efforts By The Legislature cont'd

Final Outcome Resulted in a Bond Issuance

- **House Bill 1649**: Omnibus bond issuance of \$250 million. \$50 million of this amount was earmarked for the Local Systems Bridge Program.

Federal Involvement & Possible Short Term Solutions

- Better Utilizing Investments to Leverage Developments: B.U.I.L.D. Grants (Formerly known as TIGER Grants): These highly competitive grants will allow up to \$150 million per state for surface transportation infrastructure.
- B.U.I.L.D. Grants projects must have a significant local & regional impact. Funds can support roads, bridges, transit, rail, ports, or intermodal transportation.
- A greater share of the B.U.I.L.D. Grant will fund projects in located in rural areas.
- Diverting State Revenue (State)

Public Opinion Grows Strong

○ Should the Legislature move immediately to enact a long term comprehensive plan for Mississippi roads and bridges? **SHOULD (84%)** **SHOULD NOT (8%)** **NOT SURE (8%)**

○ If 12 cent per gallon fuel tax was phased in over a four year period – 3 cent per year – would your support or oppose the increase? **SUPPORT (67%)** **OPPOSE (18%)** **UNDECIDED (15%)**

○ Counties & Cities are faced with deteriorating infrastructures, to pay for these repairs and improvements, which one of the following actions do you prefer?

PROPERTY TAX (9%) **FUEL TAX (57%)** **NOT SURE (34%)**

○ If your legislator in the Mississippi Legislature voted in favor of a 12-cent per gallon increase in the state fuel tax to increase funding to improve roads and bridges, how would that affect your vote? Would you be more likely to vote for him or her, less likely to vote for him or her, or would it have no effect on your vote?

MORE LIKELY (22%) **LESS LIKELY (19%)** **NO EFFECT/DK (59%)**

Special Legislative Session

Recent/Current actions that could lead to a possible Special Legislative Session to address infrastructure.

- After the Regular Legislative Session, Speaker of the House (Representative Philip Gunn) unveils an idea to the public that can residually address the infrastructure funding needs. Speaker Gunn suggest incrementally raising the fuel tax by 8 cents (about \$120 million) while removing the 4% income tax bracket, in addition to coupling that with a 35% use tax diversion (about \$108 million).
- The Supreme Court struck down a 1992 federal law that banned commercial sports betting in most states. This opens the door to legalizing an estimated \$150 billion in wages on professional and amateur sports. (This is currently being discussed)
- The U.S. Supreme Court, in *Wayfair v. North Dakota*, 584 U.S. 298 (2018) determined that a business must have a “physical presence” to create a “substantial nexus” and thus be subject to the collection and remittance of state sales tax. (The Supreme Court has reopened this case, and there is a strong chance it will be over turned)
- A Mississippi State Lottery, Sports Betting, Internet Sales Tax.

Final Thoughts & Questions?