PRESIDENT, MAYOR TIM WALDRUP, ELLISVILLE
FIRST VICE PRESIDENT, MAYOR ALTON SHAW, WESSON • SECOND VICE PRESIDENT, MAYOR JIMMY COCKROFT, KOSCIUSKO

SHARI T. VEAZEY, EXECUTIVE DIRECTOR

SECTION 42 PROPERTY DAY AT THE CAPITOL: FEBRUARY 11, 2014

As you know, in the 2005 session, the Mississippi State Legislature passed a bill that gave considerable tax breaks to the owners/developers of federally subsidized housing developments. This legislation is commonly referred to as Section 42 Housing legislation. This legislation has no effect on individuals who must live in these housing developments.

This legislation has cost cities, counties and school districts across our state hundreds of thousands of dollars, putting a larger tax burden on every tax-paying citizen in the state. These funds impact roads, schools, public safety programs and many other services citizens expect and deserve from their local governments.

Since 2005, the MML has worked with a coalition of the Mississippi Association of Supervisors and the Mississippi Tax Collectors and Assessors Association to try and reverse this legislation, including through litigation. Unfortunately, last fall the Mississippi Supreme Court ruled in favor of the developers of Section 42 Housing.

Again this session, the MML will be joining the MAS in pushing for this harmful and unfair legislation to be changed so that our cities, counties and school systems can again be made whole. **Please consider passing a resolution at your February 4, 2014 board or council meeting in support of this effort. The resolution template is attached.**

In addition, on **February 11, 2014,** the MAS has set aside a day to be called **"Section 42 Property Day at the Capitol."** They will hold a press conference at the Capitol at 10:30 a.m. that day. They have asked us to encourage our members to attend and show support for this joint effort. We need to continue to send a strong message to our leaders at the Capitol that this legislation should be reversed!

Please call the MML office if you have questions.

600 EAST AMITE STREET, SUITE 104 • JACKSON, MS 39201 – 1906 • 601-353-5954 • 1-800-325-7641 • FAX 601-353-6980
WEB SITE: http://www.mmlonline.com

[FORM OF RESOLUTION SUPPORTING REPEAL OF SECTION 42 HOUSING LAW]

The [Mayor and Board of Aldermen] [City Council] of the [City] [Town] of _____, Mississippi, took up for consideration the matter of requesting the Mississippi Legislature to support the repeal of that certain 2005 legislation, Senate Bill No. 3100, granting ad valorem tax breaks to federally subsidized Section 42 housing properties across Mississippi. After full discussion of the subject, [Alderman] [Councilman] _____ offered and moved the adoption of the following resolution:

RESOLUTION OF THE [MAYOR AND BOARD OF ALDERMEN] [CITY COUNCIL] OF THE [CITY] [TOWN] OF _____, MISSISSIPPI, URGING THE MISSISSIPPI LEGISLATURE TO REPEAL THAT CERTAIN 2005 LEGISLATION, SENATE BILL NO. 3100, GRANTING AD VALOREM TAX BREAKS TO FEDERALLY SUBSIDIZED SECTION 42 HOUSING PROPERTIES SO THAT THE [CITY] [TOWN] DOES NOT CONTINUE TO LOSE LOCAL TAX REVENUES THAT COULD BE USED TO SUPPORT IMPORTANT [CITY] [TOWN] SERVICES.

WHEREAS, the [Mayor and Board of Aldermen] [City Council] of the [City] [Town] of _____, Mississippi (the "[City] [Town]"), hereby finds, determines and declares as follows:

I.

Senate Bill No. 3100, passed in the 2005 Regular Session of the Mississippi Legislature, and now codified as Section 27-35-50(4)(d), Mississippi Code of 1972, as amended ("Senate Bill No. 3100"), has been interpreted by the Mississippi State Department of Revenue (the "Department") and the Mississippi Supreme Court (the "Court") to allow certain federally subsidized Section 42 multifamily and, in some cases, single family residences to unfairly escape payment of their entire portion of the [City's] [Town's] tax burden; and

II.

As a result of the recent Court decision, the [City] [Town] will be required to refund these Section 42 developers approximately $_____, with approximately $_____ of the refund having to be paid by the _____ [NAME] School District; **[IF THIS DOES NOT APPLY TO YOUR CITY/TOWN, USE THIS LANGUAGE INSTEAD:** As a result of the recent Court decision, the [City] [Town] will lose approximately $_____ annually in ad valorem tax revenue that the Section 42 developers should pay for [City] [Town] services, and this burden will be passed on to other properties owners in the [City] [Town];] and

III.

Because the Section 42 developers are not paying their entire portion of local taxes, the burden of local taxation is being shifted to other property owners that are not federally subsidized; and

IV.

If Senate Bill No. 3100 is repealed, the tax assessor could return to the use of generally accepted appraisal principles, allowed under prior law, to establish the "true value" of these Section 42 properties by considering the substantial federal subsidies as a part of the property's value and by using typical expenses in calculating the net income generated by these properties; and

V.

If Senate Bill No. 3100 is repealed, the [City] [Town] federally subsidized Section 42 developers will no longer enjoy a tax advantage at the expense of the other property owners in the [City] [Town].

NOW, THEREFORE, BE IT RESOLVED by the [Board of Aldermen] [City Council] of the [City] [Town] that it strongly urges the Mississippi Legislature to repeal Senate Bill 3100 as such action is in the best interest of the [City] [Town] and its citizens by decreasing their tax burden and improving local services that the [City] [Town] provides such as roads, police and fire protection and infrastructure.

Following the reading of the foregoing resolution, [Alderman] [Councilman] _____ seconded the motion for its adoption. The [President][Mayor] put the question to a vote, and the members voted unanimously to adopt the Resolution.

The motion having received the unanimous affirmative vote of the [Board of Aldermen] [City Council] of the [City] [Town] of _____, Mississippi, the [Mayor][President] declared the motion carried and the resolution adopted, on this the ___ day of _____, 2014.

APPROVED: _____

[Mayor][President]

ATTEST:

_____

City Clerk