

PRESS AND PUBLIC FAQ

Less Than a Penny for the City. Not One Penny More for Taxpayers.

The city share of the existing 7-cent rate would increase by 0.805 cents over six years. The taxpayer rate remains 7 cents.

The proposal in plain numbers

The city share would increase from 1.295 cents to 2.100 cents within the existing 7-cent rate. Taxpayers continue paying the same rate. Every municipality keeps its existing statutory percentage and receives each scheduled increase in that share on covered sales.

Why are Mississippi cities doing this?

Cities provide police and fire protection, streets, drainage, utilities, permitting, code enforcement, parks, and public spaces that residents and commerce rely on. Mississippi cities receive a smaller statutory share and have fewer recurring local revenue tools than selected nearby communities in Alabama and Louisiana.

Is this a tax increase?

No. Taxpayers pay not one penny more. The rate remains 7 cents, and the list of taxable purchases stays the same. The proposal changes only the city share within the existing rate.

What does the full message mean?

Less than a penny for the city. Not one penny more for taxpayers. It describes only the increase in the city's share of the existing tax. A Mississippi municipality receives 1.295 cents from a typical 7-cent taxable sales dollar today. The proposed endpoint is 2.100 cents, an increase of 0.805 cents for the city over six years. Taxpayers continue paying the same 7-cent rate.

What does 30 percent of the existing 7-cent rate mean?

Thirty percent of the existing 7-cent rate equals 2.100 cents for the city. The taxpayer rate remains 7 cents.

How do neighboring cities compare?

On \$10 million in comparable taxable sales, Gulfport's statutory municipal distribution equals \$129,500. Applying the published local sales-tax rates within Slidell, Gulf Shores, and Mobile produces \$238,000, \$300,000, and \$500,000. These figures illustrate the tax generated at each cited rate. They are not estimates of actual city collections because taxable bases, exemptions, collection rules, deductions, and sales mix vary.

Why verify allocations first?

House Bill 898 calls for review of allocation practices, technology, and oversight. The verification step would give every city a clear process for checking municipal coding, assignments, corrections, reconciliations, and monthly distributions under current law.

What are covered sales?

Covered sales are the sales governed by the ordinary city-share formula. Sales treated separately under current law remain separate unless the Legislature expressly changes them.

Does every municipality benefit?

Yes. Every city and town keeps its existing statutory percentage and receives each scheduled increase in that share on covered sales. No municipality gives up any part of its current statutory share.

What happens to MIMA money?

The Mississippi Infrastructure Modernization Act, commonly called MIMA, is separate from the ordinary sales-tax share. Its existing distribution formula stays in place. The proposal expands specified lawful uses of the MIMA money each municipality already receives for public services and assets.

What additional MIMA uses would be allowed?

The proposal would add defined public-safety facilities, emergency communications, technology, vehicles, equipment, related debt, and capped non-personnel costs for maintaining and operating eligible assets. Salaries, wages, payroll costs, employee benefits, and unrelated administration would remain ineligible.

What is the State fiscal safeguard?

The Legislature would use official Department of Revenue and Legislative Budget Office estimates for each annual step. The change is phased over six years, and the next uncompleted step pauses after an actual decline in adjusted General Fund collections.

Did the State already help through infrastructure programs?

Yes. The Legislature's infrastructure programs are valuable and deserve credit. Those programs cannot pay municipal salaries or recurring personnel costs. Recurring local services require recurring revenue.

Is this mainly about PERS?

No. Police, fire, streets, drainage, maintenance, technology, utilities, and other services all require recurring revenue. Scheduled PERS employer-rate increases are one measurable example of rising recurring costs.

Does this proposal affect property taxes?

No. Property taxes are a separate local decision and are outside this proposal. Cities are asking for a larger statutory share within the existing 7-cent sales-tax rate, with no change in what taxpayers pay.

What financial oversight already applies?

City budgets are adopted in public meetings, expenditures are public records, and annual municipal audits are public. New reporting should focus on how the State assigns, corrects, reconciles, and distributes sales-tax revenue.

Does this proposal include a new local sales tax?

No. The Partnership is proposing no new local tax. Any local-tax proposal would require separate public consideration of its rate, taxable purchases, approval process, offsets, and taxpayer impact.

What is the next decision?

The HB 898 study committee reports by December 1, 2026. Cities are asking it to recommend one 2027 bill covering allocation verification, the six-year schedule, expanded MIMA flexibility, and a limited revenue pause.

One-sentence media answer

Less than a penny for the city. Not one penny more for taxpayers. Mississippi cities are asking the Legislature to increase the city share within the existing 7-cent rate by 0.805 cents over six years for the services residents, businesses, and visitors rely on.

Public contact

Mississippi Municipal Revenue Partnership | msrevenuepartnership.org

Official sources

Figures are rounded. The cited materials use different measures and should be read in their stated context.

1. [Mississippi Code Section 27-65-75](#). Current municipal sales-tax distribution law and separately treated categories.
2. [Mississippi Department of Revenue, Diversions to Cities](#). Official monthly municipal distribution reports.
3. [House Bill 898, 2026](#). Sales Tax Diversion Study Committee and allocation review.
4. [Alabama Department of Revenue, Sales and Use Tax Rates](#). Official Alabama municipal rate materials.
5. [City of Gulf Shores, Sales Tax](#). Official published local rate for Gulf Shores.
6. [Louisiana Association of Tax Administrators, St. Tammany Parish](#). Published local sales-tax rate for Slidell effective January 1, 2026.
7. [PERS Regulation 60, Contribution Rates](#). Current employer contribution rate.
8. [PERS Board Materials, October 22, 2024](#). Published fixed employer-rate schedule through July 1, 2028.
9. [Mississippi Infrastructure Modernization Act](#). Municipal use-tax distribution and eligible uses.
10. [House Bill 1386, 2026](#). Expansion of eligible municipal uses.
11. [City of Gulfport FY2026 Budget](#). Official Gulfport sales-tax budget line.