PURPOSE: To define the sources from which funds are derived and the basis for allocating these funds to the Counties.

1. STATE AID FUNDS:

    1.1. Source:

    State Aid Funds are derived from the following sources and under the following statutory provisions:

    1.1.1. Section 27-65-75, Mississippi Code of 1972, as amended by House Bill No. 458, 1999 Regular Session, provides for a diversion from the proceeds of gasoline, diesel fuel or kerosene taxes of $4,000,000.00 per month ($48,000,000.00 annually) or an amount equal to 23.25% of such funds, whichever is the greater amount into the State Aid Road Construction Special Fund. An additional $3,000,000.00 per year is diverted into the Fund from sales tax revenue.

    1.2. Allocations:

    The formula for allocating funds to the counties was revised under House bill 1302, including a hold harmless provision assuring that no County will be allocated an amount less than it received during the 1994 fiscal year. Reference Mississippi Code Section 27-65-75.

    Revenues derived form the above named sources are received monthly and are allocated to the Counties on the following basis:

    1.2.1. An amount equal to $51,000,000.00 less administrative expenses is allocated to the Counties on the basis of percentages determined from the formula set out in House Bill 1302.

1.2.2. House Bill 1302 provides that there shall be first deducted and paid the amount necessary to pay the expenses of the Office of State Aid Road Construction as authorized by the Legislature. The remainder of the fund shall be allocated monthly to the several Counties in accordance with the following formula:

One-third (⅓) shall be allocated to all Counties in equal shares;

One-third (⅓) shall be allocated to Counties based on the proportion that the total number of rural road miles in a County bears to the total number of rural roads miles in all Counties of the State; and

One-third (⅓) shall be allocated to Counties based on the proportion that the rural population of the County bears to the total rural population in all Counties of the State, according to the latest federal decennial census.

1.2.3. The amount allocated to each County is reduced or increased to assure that no County receives less than the amount received in FY 1994 as required by HB 1302. Any funds in excess of the $51,000,000.00 referred to in Subsection 1.1.1 of this S.O.P. are to be distributed to Counties that gave up funds to satisfy the "hold harmless" provision of HB 1302. Once Counties that gave up funds have recouped the funds given up, then any excess funds will be distributed by formula to all eighty-two Counties.

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      1.2.4.   The following are percentages by which funds are allocated to each County:

COUNTY	PERCENT	COUNTY	PERCENT
01 Adams	1.04%	42 Leflore	1.23%
02 Alcorn	1.24%	43 Lincoln	1.59%
03 Amite	1.17%	44 Lowndes	1.58%
04 Attala	1.22%	45 Madison	1.50%
05 Benton	0.82%	46 Marion	1.31%
06 Bolivar	1.37%	47 Marshall	1.48%
07 Calhoun	0.97%	48 Monroe	1.50%
08 Carroll	1.03%	49 Montgomery	0.80%
09 Chickasaw	1.01%	50 Neshoba	1.35%
10 Choctaw	0.93%	51 Newton	1.18%
11 Claiborne	0.88%	52 Noxubee	0.96%
12 Clarke	1.14%	53 Oktibbeha	1.26%
13 Clay	0.92%	54 Panola	1.52%
14 Coahoma	0.96%	55 Pearl River	1.86%
15 Copiah	1.28%	56 Perry	0.99%
16 Covington	1.19%	57 Pike	1.40%
17 DeSoto	1.70%	58 Pontotoc	1.24%
18 Forrest	1.37%	59 Prentiss	1.13%
19 Franklin	0.91%	60 Quitman	0.89%
20 George	1.15%	61 Rankin	2.61%
21 Greene	1.03%	62 Scott	1.28%
22 Grenada	0.87%	63 Sharkey	0.68%
23 Hancock	1.16%	64 Simpson	1.40%
24 Harrison	1.80%	65 Smith	1.16%
25 Hinds	1.76%	66 Stone	0.93%
26 Holmes	1.18%	67 Sunflower	1.25%
27 Humphreys	0.88%	68 Tallahatchie	1.07%
28 Issaquena	0.56%	69 Tate	1.14%
29 Itawamba	1.29%	70 Tippah	1.13%
30 Jackson	1.67%	71 Tishomingo	1.11%
31 Jasper	1.19%	72 Tunica	0.90%
32 Jefferson	0.84%	73 Union	1.17%
33 Jeff Davis	1.11%	74 Walthall	1.17%
34 Jones	2.16%	75 Warren	1.32%
35 Kemper	1.06%	76 Washington	1.22%
36 Lafayette	1.47%	77 Wayne	1.31%
37 Lamar	1.49%	78 Webster	0.88%
38 Lauderdale	1.75%	79 Wilkinson	0.85%
39 Lawrence	1.00%	80 Winston	1.16%
40 Leake	1.16%	81 Yalobusha	0.92%
41 Lee	1.58%	82 Yazoo	1.26%
		TOTALS	100.00%

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2.   <u>LOCAL SYSTEM BRIDGE PROGRAM FUNDS</u>:

   2.1.   <u>Source</u>:

   Local System Bridge Program Funds are derived as defined in Mississippi Code Section 65-37-13. Additionally, in FY 2004, $20 million in bond proceeds was provided to fund the program. No funds were provided for FY 2005.

   2.2.   <u>Allocations</u>:

   Funds are allocated to each County on the basis of a percentage derived as follows:

   2.2.1.   One-half (½) on the proportion that the total number of deficient bridges in the County bears to the total number of deficient bridges in all Counties of the State.

   2.2.2.   One-half (½) on the proportion that the total number of local system miles in the County bears to the total number of local system road miles in all Counties of the State.

   2.3.   <u>Advanced Credits</u>:

   House Bill 1449 modified Code Section 65-37-13 to further provide that Counties may be entitled to funds in advance of normal accrual to finance certain projects subject to the approval of the State Aid Engineer and subject further to the following limitations:

   2.3.1.   The maximum amount advanced to any County shall not exceed ninety-percent (90%) of the funds estimated to accrue to such County during the remainder of the term of office of Board of Supervisors in such County.

   2.3.2.   No advance credits of funds will be made to any County, when the unobligated balance in the Local System Bridge Replacement and Rehabilitation Fund is less than One Million Dollars ($1,000,000.00).

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3. <u>SURFACE TRANSPORTATION PROGRAM FUNDS</u>:

    3.1.   <u>Source</u>:

        Surface Transportation Program (STP) Funds are appropriated by the Congress for expenditure on the Federal Aid Road System, as defined in S.O.P. No. SA I-1-7. STP funds may also be expended for bridges on any public road. The Transportation Equity Act for the 21st Century provides that up to 15% of STP funds reserved for rural areas may be expended on minor collectors.

        3.1.1.   Section 65-9-29, Mississippi Code of 1972, as amended provides that Federal Aid Secondary funds allocated to Mississippi shall be expended as follows:

            3.1.1.1. One-half (½) of said funds will be matched by the State Highway Department and expended on the Federal Aid Secondary System on the State Highway System.

            3.1.1.2. One-half (½) of said funds will be matched by the Counties with State Aid or local funds and expended on Federal Aid Secondary routes on the State Aid System.

        3.1.2.   Since implementation of the Intermodal surface Transportation Efficiency Act of 1991 and continued with TEA-21, Transportation Equity Act for 21st Century, there have been no Federal Aid Secondary Funds. The Commission, following the intent of the above referenced law, allocates a portion of the State's STP funds to the Counties through State Aid.

    3.2.   <u>Allocation</u>:

        Section 65-9-29, Mississippi Code of 1972, as amended, provides that each County's share of FAS (STP) Funds made available to the Counties as a whole shall be in accordance with the percentages set out in Section 65-9-3, Mississippi Code of 1972, as amended. These are the same percentages as those listed under Subsection 1.2.4. of this S.O.P.

4. <u>FEDERAL BRIDGE REPLACEMENT FUNDS</u>:

    4.1.   <u>Source</u>:

        Federal Bridge Replacement and Rehabilitation Funds are appropriated by the Congress for expenditure on and off the Federal Aid Road System.

        4.1.1.   Bridge Replacement and Rehabilitation Funds allocated to the Office of State Aid are distributed to the Counties on an individual project basis subject to the approval of the Federal Highway Administration.

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5.   APPALACHIAN LOCAL ACCESS ROAD FUNDS:

   5.1.   Source:

   Appalachian Local Access Road Funds are appropriated by the Congress for improving access roads within the Appalachian Region. Funds are designated for roads that will, when improved, better the recreational and economic life of the area.

   5.2.   Allocations:

   The program is under the general administration of the Appalachian Regional Commission (ARC). Project applications are received and approved by the ARC on an individual project basis. After projects are approved, they are administered by the FHWA throughout the planning, design and construction stages under the State's approved plan for administering projects in accordance with 23 USC 106(B) as amended by the TEA-21.

6.   SPECIAL FUNDS:

   Special Federal Funds appropriated by Congress for specific uses, such as Emergency Relief, Defense Access, High Priority and Congestion Relief Funds are made available to the County(ies) on an individual project basis, as approved by the Federal Highway Administration.

7.   MDA FUNDS:

   The Economic Development Highway Act, Mississippi Code Annotated, Section 65-4-1, et seq. authorizes the Mississippi Development Authority (MDA) to assist political subdivisions with Highway Projects which encourage private companies to engage in high economic benefit projects within their area. These funds are made available to the County(ies) or municipality(ies) on an individual project basis and are administered in accordance with guidelines promulgated by the MDA.

   The Office of State Aid is responsible for administering MDA projects except those on the State Highway System.