

# **Bond Case Briefs**

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## **TAX - MISSISSIPPI**

### **Clarke County v. Quitman School District**

**Supreme Court of Mississippi - January 18, 2024 - So.3d - 2024 WL 189542**

County's tax collector filed a complaint for interpleader, naming school district and county as parties, and seeking judicial determination as to which entity was entitled to funds recovered by county in delinquent taxpayer's bankruptcy proceeding.

After granting the interpleader motion, the Chancery Court denied county's motion for summary judgment, granted school district's motion for summary judgment in part, and ordered county to disburse \$365,334 to school district. County and school district cross-appealed.

The Supreme Court held that school district was not entitled under statutory funding process to receive a portion of funds recovered by county in delinquent taxpayer's bankruptcy proceeding.

School district was not entitled to receive a portion of funds recovered by county in delinquent taxpayer's bankruptcy proceeding, although delinquency had resulted in \$365,334 shortfall in school district's tax revenues for a school year, where the statutory scheme required the school district's requested budget to be funded through ad valorem taxes distributed by the county at the time requested, provided the school district with the opportunity to issue promissory notes in the amount of any shortfall, and did not take into account the delivery of delinquent tax funds recovered years later.

County had standing to challenge school district's entitlement to delinquent ad valorem taxes recovered by county from taxpayer's bankruptcy proceeding, although some of the recovered funds would have gone to school district if collected timely; tax scheme for funding school district mandated that county as levying authority raise an amount to equal the budget requested by the school district on an annual basis, adjusted up in the event of a delinquency or down in the event of an excess, and did not mandate that delinquent taxes recovered by the county outside of the statutory scheme be delivered to the school district.