

By: Representatives Johnson, Moore

To: Appropriations

HOUSE BILL NO. 502

1 AN ACT TO AMEND SECTION 27-103-203, MISSISSIPPI CODE OF 1972,
2 TO PROVIDE THAT A PORTION OF THE UNENCUMBERED CASH BALANCE IN THE
3 STATE GENERAL FUND AT THE END OF EACH FISCAL YEAR SHALL BE
4 TRANSFERRED INTO THE MOTOR VEHICLE AD VALOREM TAX REDUCTION FUND;
5 TO AMEND SECTION 27-51-105, MISSISSIPPI CODE OF 1972, IN
6 CONFORMITY TO THE PRECEDING PROVISION; AND FOR RELATED PURPOSES.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

8 SECTION 1. Section 27-103-203, Mississippi Code of 1972, is
9 amended as follows:

10 27-103-203. (1) There is created in the State Treasury a
11 special fund, separate and apart from any other fund, to be
12 designated the Working Cash-Stabilization Reserve Fund, into which
13 shall be deposited one hundred percent (100%) of the unencumbered
14 General Fund cash balance at the close of each fiscal year until
15 such time as the balance in the fund reaches Forty Million Dollars
16 (\$40,000,000.00). After the balance in the fund reaches Forty
17 Million Dollars (\$40,000,000.00), fifty percent (50%) of the
18 unencumbered General Fund cash balance at the close of each fiscal
19 year, not to exceed seven and one-half percent (7-1/2%) of the
20 General Fund appropriations for such fiscal year, shall be
21 deposited into the fund. The remainder of the year-end
22 unencumbered cash after transfer to the Working Cash-Stabilization
23 Reserve Fund shall remain in the General Fund; * * * however, if
24 the balance of the Working Cash-Stabilization Reserve Fund reaches
25 seven and one-half percent (7-1/2%) of the General Fund
26 appropriations for the fiscal year, fifty percent (50%) of the
27 unencumbered cash balance shall be transferred into the Education
28 Enhancement Fund and thirty percent (30%) of the unencumbered cash

29 balance shall be transferred into the Motor Vehicle Ad Valorem Tax
30 Reduction Fund created by Section 27-51-105. Unencumbered cash in
31 the General Fund may be used for new year cash flow needs and may
32 also be used for deficit appropriations or regular appropriations.

33 (2) The Working Cash-Stabilization Reserve Fund shall not be
34 considered as a surplus or available funds when adopting a
35 balanced budget as required by law. The State Treasurer shall
36 invest all sums in the Working Cash-Stabilization Reserve Fund not
37 needed for the purposes provided for in this section in
38 certificates of deposit, repurchase agreements and other
39 securities as authorized in Sections 27-105-33(d) or 7-9-103, as
40 the State Treasurer may determine to yield the highest market rate
41 available. The interest earned on such sums shall be deposited in
42 the fund until the balance of principal and interest therein
43 reaches seven and one-half percent (7-1/2%) of the total General
44 Fund appropriations for the current fiscal year, and all interest
45 earned in excess of amounts necessary to maintain the seven and
46 one-half percent (7-1/2%) fund balance requirement shall be
47 deposited by the State Treasurer into the State General Fund.

48 (3) The Working Cash-Stabilization Reserve Fund, except for
49 Nineteen Million Dollars (\$19,000,000.00) and the amount of the
50 interest and income earned on the principal of the Ayers Endowment
51 Trust created by Section 37-101-27, shall be used by the State
52 Treasurer for cash flow needs throughout the year when the State
53 Fiscal Officer certifies that in his opinion there will be cash
54 flow deficiencies in the State General Fund. No borrowing of
55 monies from other special funds for such purposes as authorized by
56 Section 31-17-101 et seq. shall be made as long as an unencumbered
57 balance in excess of Nineteen Million Dollars (\$19,000,000.00) and
58 the interest and income earned on the principal of the Ayers
59 Endowment Trust created by Section 37-101-27 remains in the fund.

60 The State Treasurer shall reimburse the fund for all sums
61 borrowed for such purposes from General Fund revenues collected
62 during the fiscal year in which such funds are used. The State
63 Treasurer shall immediately notify the Legislative Budget Office
64 and the State Department of Finance and Administration of each
65 transfer into and out of such fund. Four Million Dollars

66 (\$4,000,000.00) in the Working Cash-Stabilization Reserve Fund
67 shall remain available for use pursuant to Section 27-103-81.
68 Fifteen Million Dollars (\$15,000,000.00) in the Working
69 Cash-Stabilization Reserve Fund shall remain available for
70 exclusive use of the Ayers Endowment Trust created by Section
71 37-101-27.

72 (4) The Working Cash-Stabilization Reserve Fund, except for
73 Forty Million Dollars (\$40,000,000.00), shall also be used for the
74 purpose of covering any projected deficits that may occur in the
75 General Fund at the end of a fiscal year as a result of revenue
76 shortfalls. If the Governor determines that a deficit in revenues
77 from all sources may occur, it shall be the duty of the State
78 Fiscal Officer to transfer such funds as necessary to the General
79 Fund to alleviate the deficit in accordance with Sections
80 27-104-13 and 31-17-123; however, not more than Fifty Million
81 Dollars (\$50,000,000.00) may be transferred from the fund for such
82 purpose in any one (1) fiscal year. If it becomes necessary to
83 apply a part of the fund to this purpose, the amount so applied
84 shall be restored to the Working Cash-Stabilization Reserve Fund
85 out of future annual surpluses, as provided in subsection (1) of
86 this section, until the seven and one-half percent (7-1/2%)
87 maximum is again attained.

88 (5) The Working Cash-Stabilization Reserve Fund also shall
89 be used to provide funds for the Disaster Assistance Trust Fund
90 when such funds are immediately needed to provide for disaster
91 assistance under Sections 33-15-103 through 33-15-317. Any
92 transfer of funds from the Working Cash-Stabilization Reserve Fund
93 to the Disaster Assistance Trust Fund shall be made in accordance
94 with the provisions of subsection (5) of Section 33-15-307.

95 (6) The Department of Finance and Administration shall
96 immediately send notice of any transfers made, or other action
97 taken under authority of this section, to the Legislative Budget
98 Office.

99 (7) Funds deposited in the Working Cash-Stabilization
100 Reserve Fund shall be used only for the purposes specified in this
101 section and as long as the provisions of this section remain in
102 effect, no other expenditure, appropriation or transfer of funds
103 in the Working Cash-Stabilization Reserve Fund shall be made
104 except by act of the Legislature making specific reference to the
105 Working Cash-Stabilization Reserve Fund as the source of such
106 funds.

107 SECTION 2. Section 27-51-105, Mississippi Code of 1972, is
108 amended as follows:

109 27-51-105. (1) There is created in the State Treasury a
110 special fund to be known as the Motor Vehicle Ad Valorem Tax
111 Reduction Fund, into which shall be deposited the monies specified
112 in Sections 27-65-75(10), (11) and (12), 27-67-31(c) and (d) and
113 27-103-203(1), and such other monies as the Legislature may
114 provide by appropriation. The monies in the fund shall be used
115 for the purpose of making payments to counties for the reduction
116 in motor vehicle ad valorem tax revenues incurred by local taxing
117 districts in the county as a result of the ad valorem tax credit
118 for private carriers of passengers and light carriers of property
119 that is provided for by Section 27-51-103.

120 (2) The Motor Vehicle Ad Valorem Tax Reduction Fund shall be
121 administered by the State Tax Commission, and monies in the fund
122 shall be expended upon appropriation by the Legislature.
123 Unexpended amounts remaining in the fund at the end of the state
124 fiscal year shall not lapse into the State General Fund, and any
125 interest earned on amounts in the fund shall be deposited to the
126 credit of the fund.

127 SECTION 3. This act shall take effect and be in force from
128 and after July 1, 1999.