

By: Senator(s) Ferris

To: Education

## SENATE BILL NO. 2155

1 AN ACT TO AMEND SECTION 29-3-65, MISSISSIPPI CODE OF 1972, TO  
2 AUTHORIZE LOCAL SCHOOL BOARDS TO USE FIXED RENT ESCALATION CLAUSES  
3 IN SIXTEENTH SECTION SCHOOL LAND LEASES WHICH WILL RESULT IN  
4 CAPITAL IMPROVEMENTS IN EXCESS OF \$10 MILLION CONSTRUCTED THEREON;  
5 AND FOR RELATED PURPOSES.

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

7 SECTION 1. Section 29-3-65, Mississippi Code of 1972, is  
8 amended as follows:

9 29-3-65. One (1) year prior to the date when any such lands,  
10 not subject to competitive bid procedures, shall become available  
11 for lease, the Board of Education shall appoint a competent  
12 appraiser to appraise the land and report to the board his  
13 recommendation for the fair market rental amount. The board shall  
14 then determine whether the same be a reasonable amount, and shall  
15 grant the lease pursuant to Section 29-3-63. Provided that in the  
16 event any such land becomes available for lease prior to July 1,  
17 1979, an appraisal shall be required prior to the granting of said  
18 lease.

19 The Board of Education may use rent escalation clauses or  
20 other such devices to adjust rental amounts during the lease term.

21 Owners of leaseholds under a lease granted prior to July 1, 1978,  
22 which have improvements constructed thereon, shall not be charged  
23 for such improvements in successive lease periods unless the lease  
24 contract clearly specifies otherwise. Provided, however, that the  
25 Board of Education may use fixed rent escalation clauses on any  
26 lease that will result in a capital improvement in excess of Ten  
27 Million Dollars (\$10,000,000.00) which has been or will be

28 constructed on such lands, to be verified to the Board of  
29 Education by a competent appraiser who shall report to the board  
30 his recommendation for the fair market rental amount and the fixed  
31 escalation clause amount. The cost of the appraisal under this  
32 section shall be paid from any available sixteenth section school  
33 funds or other school funds of the district.

34 The appraisal pertaining to renewal oil, gas and mineral  
35 leases executed pursuant to Section 29-3-63 may be made either  
36 before or after the expiration of the original lease and shall  
37 appraise the fair market value for the bonus to be paid for a  
38 renewal lease containing the terms and conditions agreed upon by  
39 the holder of the lease and the Board of Education.

40 SECTION 2. This act shall take effect and be in force from  
41 and after July 1, 1999.