

By: Senator(s) Burton

To: Finance

SENATE BILL NO. 2345

1 AN ACT TO ESTABLISH A RURAL HOSPITAL CAPITAL IMPROVEMENTS
 2 REVOLVING LOAN PROGRAM FOR THE PURPOSE OF ASSISTING RURAL
 3 HOSPITALS IN CONSTRUCTING NEW FACILITIES AND RENOVATING AND
 4 EQUIPPING NEW FACILITIES; TO CREATE A SPECIAL FUND IN THE STATE
 5 TREASURY, DESIGNATED AS THE "RURAL HOSPITAL CAPITAL IMPROVEMENTS
 6 REVOLVING LOAN FUND"; TO PRESCRIBE THE MANNER IN WHICH FUNDS MAY
 7 BE LOANED UNDER THIS ACT TO RURAL HOSPITALS; TO PRESCRIBE THE
 8 POWERS AND DUTIES OF THE DEPARTMENT OF ECONOMIC AND COMMUNITY
 9 DEVELOPMENT UNDER THE PROVISIONS OF THIS ACT; TO PROVIDE FOR THE
 10 ISSUANCE OF NOT MORE THAN \$75,000,000.00 TO FUND THE RURAL
 11 HOSPITAL CAPITAL IMPROVEMENTS REVOLVING LOAN FUND; AND FOR RELATED
 12 PURPOSES.

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

14 SECTION 1. (1) There is established a Rural Hospital
 15 Capital Improvements Revolving Loan Program to be administered by
 16 the Department of Economic and Community Development for the
 17 purpose of providing loans for the construction and equipping of
 18 rural hospital facilities and for the renovation and equipping of
 19 existing rural hospital facilities.

20 (2) As used in this act "rural hospital" means any hospital
 21 located outside of a standard statistical metropolitan area that
 22 is owned and operated separately or jointly by one or more
 23 counties, cities, towns, supervisors districts or election
 24 districts or combinations thereof, including hospitals established
 25 under the authority of Sections 41-13-1 through 41-13-9, as now or
 26 hereafter amended.

27 SECTION 2. (1) There is created a special fund in the State
 28 Treasury to be designated as the "Rural Hospital Capital
 29 Improvements Revolving Loan Fund," which fund shall consist of
 30 such monies as provided in this act. The fund shall be maintained
 31 in perpetuity for the purposes established in this act.

32 Unexpended amounts remaining in the fund at the end of a fiscal



33 year shall not lapse into the State General Fund, and any interest
34 earned on amounts in the fund shall be deposited to the credit of
35 the fund. Monies in the fund may not be used or expended for any
36 purpose except as authorized under this act.

37 (2) The governing body of a rural hospital may apply to the
38 Department of Economic and Community Development for a loan under
39 the rural hospital capital improvements revolving loan program
40 established under this act.

41 (3) The Department of Economic and Community Development
42 shall establish a loan program by which loans, at a rate of
43 interest equal to the true interest cost on the most recent issue
44 of twenty-year state general obligation bonds occurring prior to
45 the date such loan is made, may be made available to rural
46 hospitals in making capital improvements authorized under this
47 act. Loans from the revolving fund may be made to rural hospitals
48 as set forth in a loan agreement in amounts not to exceed one
49 hundred percent (100%) of eligible project costs as established by
50 the Department of Economic and Community Development. The
51 Department of Economic and Community Development may require
52 funding from other sources, or otherwise limit the percentage of
53 costs covered by loans from the revolving fund. The maximum
54 amount for any loan may be set by the Department of Economic and
55 Community Development in order to provide for broad and equitable
56 participation in the program; provided, however, that a loan for
57 the construction and equipping of a new rural hospital facility
58 shall not exceed Fifteen Million Dollars (\$15,000,000.00), and a
59 loan for renovation or equipping existing rural hospital
60 facilities shall not exceed Three Million Dollars (\$3,000,000.00).

61 (4) In any calendar year, the Department of Economic and
62 Community Development shall not provide more than three (3) loans
63 for the construction and equipping of new rural hospital
64 facilities and shall not provide more than ten (10) loans for
65 renovating or equipping rural hospital facilities.



66 (5) The Department of Economic and Community Development
67 shall require such security for each loan as it considers
68 necessary. Each loan agreement shall provide for (i) monthly
69 payments, (ii) semiannual payments, or (iii) other periodic
70 payments, the annual total of which shall not exceed the annual
71 total for any other year of the loan by more than fifteen percent
72 (15%). The loan agreement shall provide for the repayment of all
73 funds received within not more than twenty (20) years from the
74 date of project completion.

75 (6) The State Auditor, upon request of the Department of
76 Economic and Community Development, shall audit a rural hospital
77 whose loan payments appear to be in arrears, and if he finds that
78 the rural hospital is in arrears in such payments, he shall
79 immediately notify the Executive Director of the Department of
80 Economic and Community Development.

81 SECTION 3. In administering the provisions of this act, the
82 Department of Economic and Community Development shall have the
83 following powers and duties:

84 (a) To supervise the use of all funds made available
85 under this act for rural hospital capital improvements;

86 (b) To review and certify all projects for which funds
87 are authorized to be made available under this act for rural
88 hospital capital improvements;

89 (c) To requisition monies in the Rural Hospital Capital
90 Improvements Revolving Loan Fund and distribute those monies on a
91 project-by-project basis in accordance with the provisions of this
92 act;

93 (d) To maintain an accurate record of all rural
94 hospital capital improvements funds made available to rural
95 hospitals and the costs for each project.

96 (e) To adopt and promulgate such rules and regulations
97 as may be necessary or desirable for the purpose of implementing
98 the provisions of this act; and



99 (f) To file annually with the Legislature a report
100 detailing how monies in the Rural Hospital Capital Improvements
101 Revolving Loan Fund were spent during the preceding fiscal year,
102 the number of projects approved and constructed, and the cost of
103 each project.

104 SECTION 4. (1) The State Bond Commission, at one time, or
105 from time to time, may declare by resolution the necessity for
106 issuance of general obligation bonds of the State of Mississippi
107 to provide funds for all costs incurred or to be incurred for the
108 purposes described in Section 2 of this act. Upon the adoption of
109 a resolution by the Department of Economic and Community
110 Development, declaring the necessity for the issuance of any part
111 or all of the general obligation bonds authorized by this section,
112 the Department of Economic and Community Development shall deliver
113 a certified copy of its resolution or resolutions to the State
114 Bond Commission. Upon receipt of such resolution, the State Bond
115 Commission, in its discretion, may act as the issuing agent,
116 prescribe the form of the bonds, advertise for and accept bids,
117 issue and sell the bonds so authorized to be sold and do any and
118 all other things necessary and advisable in connection with the
119 issuance and sale of such bonds. The total amount of bonds issued
120 under this act shall not exceed Seventy-five Million Dollars
121 (\$75,000,000.00).

122 (2) Proceeds from the sale of bonds shall be deposited in
123 the special fund created in Section 2 of this act. Any investment
124 earnings on amounts deposited into the special fund created in
125 Section 2 of this act shall be used to pay debt service on bonds
126 issued under this act, in accordance with the proceedings
127 authorizing issuance of such bonds.

128 SECTION 5. The principal of and interest on the bonds
129 authorized under this act shall be payable in the manner provided
130 in this section. Such bonds shall bear such date or dates, be in
131 such denomination or denominations, bear interest at such rate or



132 rates (not to exceed the limits set forth in Section 75-17-101,
133 Mississippi Code of 1972), be payable at such place or places
134 within or without the State of Mississippi, shall mature
135 absolutely at such time or times not to exceed twenty-five (25)
136 years from date of issue, be redeemable before maturity at such
137 time or times and upon such terms, with or without premium, shall
138 bear such registration privileges, and shall be substantially in
139 such form, all as shall be determined by resolution of the
140 commission.

141 SECTION 6. The bonds authorized by this act shall be signed
142 by the chairman of the commission, or by his facsimile signature,
143 and the official seal of the commission shall be affixed thereto,
144 attested by the secretary of the commission. The interest
145 coupons, if any, to be attached to such bonds may be executed by
146 the facsimile signatures of such officers. Whenever any such
147 bonds shall have been signed by the officials designated to sign
148 the bonds who were in office at the time of such signing but who
149 may have ceased to be such officers before the sale and delivery
150 of such bonds, or who may not have been in office on the date such
151 bonds may bear, the signatures of such officers upon such bonds
152 and coupons shall nevertheless be valid and sufficient for all
153 purposes and have the same effect as if the person so officially
154 signing such bonds had remained in office until their delivery to
155 the purchaser, or had been in office on the date such bonds may
156 bear. However, notwithstanding anything herein to the contrary,
157 such bonds may be issued as provided in the Registered Bond Act of
158 the State of Mississippi.

159 SECTION 7. All bonds and interest coupons issued under the
160 provisions of this act have all the qualities and incidents of
161 negotiable instruments under the provisions of the Uniform
162 Commercial Code, and in exercising the powers granted by this act,
163 the commission shall not be required to and need not comply with
164 the provisions of the Uniform Commercial Code.



165 SECTION 8. The commission shall act as the issuing agent for
166 the bonds authorized under this act, prescribe the form of the
167 bonds, advertise for and accept bids, issue and sell the bonds so
168 authorized to be sold, pay all fees and costs incurred in such
169 issuance and sale, and do any and all other things necessary and
170 advisable in connection with the issuance and sale of such bonds.
171 The commission is authorized and empowered to pay the costs that
172 are incident to the sale, issuance and delivery of the bonds
173 authorized under this act from the proceeds derived from the sale
174 of such bonds. The commission shall sell such bonds on sealed
175 bids at public sale, and for such price as it may determine to be
176 for the best interest of the State of Mississippi, but no such
177 sale shall be made at a price less than par plus accrued interest
178 to the date of delivery of the bonds to the purchaser. All
179 interest accruing on such bonds so issued shall be payable
180 semiannually or annually; however, the first interest payment may
181 be for any period of not more than one (1) year.

182 Notice of the sale of any such bond shall be published at
183 least one (1) time, not less than ten (10) days before the date of
184 sale, and shall be so published in one or more newspapers
185 published or having a general circulation in the City of Jackson,
186 Mississippi, and in one or more other newspapers or financial
187 journals with a national circulation, to be selected by the
188 commission.

189 The commission, when issuing any bonds under the authority of
190 this act, may provide that bonds, at the option of the state, may
191 be called in for payment and redemption at the call price named
192 therein and accrued interest on such date or dates named therein.

193 SECTION 9. The bonds issued under the provisions of this act
194 are general obligations of the State of Mississippi, and for the
195 payment thereof the full faith and credit of the State of
196 Mississippi is irrevocably pledged. If the funds appropriated by
197 the Legislature are insufficient to pay the principal of and the



198 interest on such bonds as they become due, then the deficiency
199 shall be paid by the State Treasurer from any funds in the State
200 Treasury not otherwise appropriated. All such bonds shall contain
201 recitals on their faces substantially covering the provisions of
202 this section.

203 SECTION 10. Upon the issuance and sale of bonds under the
204 provisions of this act, the commission shall transfer the proceeds
205 of any such sale or sales to the special fund created in Section 2
206 of this act. The proceeds of such bonds shall be disbursed solely
207 upon the order of the Department of Economic and Community
208 Development under such restrictions, if any, as may be contained
209 in the resolution providing for the issuance of the bonds.

210 SECTION 11. The bonds authorized under this act may be
211 issued without any other proceedings or the happening of any other
212 conditions or things other than those proceedings, conditions and
213 things which are specified or required by this act. Any
214 resolution providing for the issuance of bonds under the
215 provisions of this act shall become effective immediately upon its
216 adoption by the commission, and any such resolution may be adopted
217 at any regular or special meeting of the commission by a majority
218 of its members.

219 SECTION 12. The bonds authorized under the authority of this
220 act may be validated in the Chancery Court of the First Judicial
221 District of Hinds County, Mississippi, in the manner and with the
222 force and effect provided by Chapter 13, Title 31, Mississippi
223 Code of 1972, for the validation of county, municipal, school
224 district and other bonds. The notice to taxpayers required by
225 such statutes shall be published in a newspaper published or
226 having a general circulation in the City of Jackson, Mississippi.

227 SECTION 13. Any holder of bonds issued under the provisions
228 of this act or of any of the interest coupons pertaining thereto
229 may, either at law or in equity, by suit, action, mandamus or
230 other proceeding, protect and enforce any and all rights granted



231 under this act, or under such resolution, and may enforce and
232 compel performance of all duties required by this act to be
233 performed, in order to provide for the payment of bonds and
234 interest thereon.

235 SECTION 14. All bonds issued under the provisions of this
236 act shall be legal investments for trustees and other fiduciaries,
237 and for savings banks, trust companies and insurance companies
238 organized under the laws of the State of Mississippi, and such
239 bonds shall be legal securities which may be deposited with and
240 shall be received by all public officers and bodies of this state
241 and all municipalities and political subdivisions for the purpose
242 of securing the deposit of public funds.

243 SECTION 15. Bonds issued under the provisions of this act
244 and income therefrom shall be exempt from all taxation in the
245 State of Mississippi.

246 SECTION 16. The proceeds of the bonds issued under this act
247 shall be used solely for the purposes therein provided, including
248 the costs incident to the issuance and sale of such bonds.

249 SECTION 17. The State Treasurer is authorized, without
250 further process of law, to certify to the Department of Finance
251 and Administration the necessity for warrants, and the Department
252 of Finance and Administration is authorized and directed to issue
253 such warrants, in such amounts as may be necessary to pay when due
254 the principal of, premium, if any, and interest on, or the
255 accreted value of, all bonds issued under this act; and the State
256 Treasurer shall forward the necessary amount to the designated
257 place or places of payment of such bonds in ample time to
258 discharge such bonds, or the interest thereon, on the due dates
259 thereof.

260 SECTION 18. This act shall be deemed to be full and complete
261 authority for the exercise of the powers therein granted, but this
262 act shall not be deemed to repeal or to be in derogation of any
263 existing law of this state.



264 SECTION 19. This act shall take effect and be in force from
265 and after July 1, 2001.

