HOUSE BILL NO. 30

AN ACT TO CREATE A SPECIAL FUND IN THE STATE TREASURY TO BE KNOWN AS THE LEGISLATIVE BUDGET SUPPLEMENTAL FUND, TO PROVIDE SUPPLEMENTAL FUNDS THAT MAY BE APPROPRIATED BY THE LEGISLATURE FOR ANY LAWFUL PURPOSE DURING THE UPCOMING FISCAL YEAR; TO PROVIDE THAT ANY MONIES IN THE FUND THAT ARE NOT EXPENDED BY THE END OF THE FISCAL YEAR FOLLOWING THE FISCAL YEAR IN WHICH THEY WERE DEPOSITED INTO THE FUND SHALL BE TRANSFERRED INTO THE WORKING CASH-STABILIZATION RESERVE FUND; TO PROVIDE THAT AFTER THE END OF EACH FISCAL YEAR, THE STATE TREASURER SHALL DETERMINE THE AMOUNT IN CERTAIN SPECIAL FUNDS AND THE AMOUNT OF INTEREST EARNED ON THOSE SPECIAL FUNDS, AND SHALL REPORT THOSE AMOUNTS TO THE LEGISLATURE; TO AUTHORIZE THE TREASURER TO TRANSFER INTO THE LEGISLATIVE BUDGET SUPPLEMENTAL FUND MONIES FROM THOSE SPECIAL FUNDS THAT ARE NOT OBLIGATED FOR OTHER PURPOSES, IF THE TREASURER DETERMINES THAT THE MONIES IN THE SPECIAL FUNDS ARE NOT NEEDED FOR THE PURPOSES OF THE FUNDS; TO AMEND SECTIONS 27-103-203 AND 31-17-105, MISSISSIPPI CODE OF 1972, TO CONFORM TO THE PRECEDING PROVISIONS; AND FOR RELATED PURPOSES.

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

SECTION 1. (1) (a) There is created in the State Treasury a special fund to be known as the Legislative Budget Supplemental Fund, the purpose of which is to provide supplemental funds that may be appropriated by the Legislature for any lawful purpose during the upcoming fiscal year.

(b) Any interest earned on monies in the Legislative Budget Supplemental Fund shall be deposited to the credit of the fund. Any monies in the Legislative Budget Supplemental Fund that are not expended by the end of the fiscal year following the fiscal year in which they were deposited into the fund shall be transferred into the Working Cash-Stabilization Reserve Fund established under Section 27-103-203.

(2) After the end of each fiscal year, the State Treasurer shall determine the amount in each special fund described in subsection (4) of this section, and the amount of interest earned...
on the monies in each of those special funds, and shall report
those amounts to the members of the Legislature.

(3) The State Treasurer may transfer into the Legislative
Budget Supplemental Fund monies from any special fund described in
subsection (4) of this section that are not obligated for other
purposes, if the Treasurer determines that:

(a) The monies in the special fund greatly exceed the
amount necessary to perform the functions for which the fund
exists; or

(b) The monies in the special fund are no longer
serving the purpose for which the fund was created.

(4) The special funds that are subject to the provisions of
this act are:

(a) Special funds in the State Treasury that are
generating interest; and

(b) Special funds that are maintained in the name of
the State of Mississippi or an agency of the state in a financial
institution or brokerage firm and that are generating interest.

SECTION 2. Section 27-103-203, Mississippi Code of 1972, is
amended as follows:

27-103-203. (1) There is created in the State Treasury a
special fund, separate and apart from any other fund, to be
designated the Working Cash-Stabilization Reserve Fund, into which
shall be deposited one hundred percent (100%) of the unencumbered
General Fund cash balance at the close of each fiscal year until
such time as the balance in the fund reaches Forty Million Dollars
($40,000,000.00). After the balance in the fund reaches Forty
Million Dollars ($40,000,000.00), fifty percent (50%) of the
unencumbered General Fund cash balance at the close of each fiscal
year, not to exceed seven and one-half percent (7-1/2%) of the
General Fund appropriations for such fiscal year, shall be
deposited into the fund. In addition to the deposits made into
the fund under this section, the fund shall include any monies
transferred into the fund under the provisions of Section 1 of this act. The remainder of the year-end unencumbered cash after transfer to the Working Cash-Stabilization Reserve Fund shall remain in the General Fund. Unencumbered cash in the General Fund may be used for new year cash flow needs and may also be used for deficit appropriations or regular appropriations.

(2) The Working Cash-Stabilization Reserve Fund shall not be considered as a surplus or available funds when adopting a balanced budget as required by law. The State Treasurer shall invest all sums in the Working Cash-Stabilization Reserve Fund not needed for the purposes provided for in this section in certificates of deposit, repurchase agreements and other securities as authorized in Sections 27-105-33(d) or 7-9-103, as the State Treasurer may determine to yield the highest market rate available. If the Ayers Settlement Fund is created pursuant to Section 37-101-27(5), the first Five Million Dollars ($5,000,000.00) of interest earned on such sums each fiscal year shall be deposited into that fund until a total of Seventy Million Dollars ($70,000,000.00) has been deposited into the fund. The interest, or the remaining interest if the Ayers Settlement Fund is created, which is earned on such sums shall be deposited in the Working Cash-Stabilization Reserve Fund until the balance of principal and interest therein reaches seven and one-half percent (7-1/2%) of the total General Fund appropriations for the current fiscal year, and all interest earned in excess of amounts necessary to maintain the seven and one-half percent (7-1/2%) fund balance requirement shall be deposited by the State Treasurer into the State General Fund.

(3) The Working Cash-Stabilization Reserve Fund, except for Nineteen Million Dollars ($19,000,000.00) and the amount of the interest and income earned on the principal of the Ayers Endowment Trust created by Section 37-101-27, shall be used by the State Treasurer for cash flow needs throughout the year when the
Executive Director of the Department of Finance and Administration certifies that in his opinion there will be cash flow deficiencies in the State General Fund. No borrowing of monies from other special funds for such purposes as authorized by Section 31-17-101 et seq. shall be made as long as an unencumbered balance in excess of Nineteen Million Dollars ($19,000,000.00) and the interest and income earned on the principal of the Ayers Endowment Trust created by Section 37-101-27 remains in the fund. The State Treasurer shall reimburse the fund for all sums borrowed for such purposes from General Fund revenues collected during the fiscal year in which such funds are used. The State Treasurer shall immediately notify the Legislative Budget Office and the State Department of Finance and Administration of each transfer into and out of such fund. Four Million Dollars ($4,000,000.00) in the Working Cash-Stabilization Reserve Fund shall remain available for use pursuant to Section 27-103-81. Fifteen Million Dollars ($15,000,000.00) in the Working Cash-Stabilization Reserve Fund shall remain available for exclusive use of the Ayers Endowment Trust created by Section 37-101-27. If the Ayers Settlement Fund is created pursuant to Section 37-101-27(5), beginning when a total of Fifty-five Million Dollars ($55,000,000.00) has been deposited into the fund, for each annual deposit of interest to that fund under subsection (2) of this section, the Ayers Endowment Trust created under Section 37-101-27(1) shall be reduced by an equal amount annually until the Ayers Endowment Trust reaches Zero Dollars ($0.00), at which time any requirements concerning the Ayers Endowment Trust in this section shall be null and void.

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

(5) The Working Cash-Stabilization Reserve Fund also shall be used to provide funds for the Disaster Assistance Trust Fund when such funds are immediately needed to provide for disaster assistance under Sections 33-15-301 through 33-15-317. Any transfer of funds from the Working Cash-Stabilization Reserve Fund to the Disaster Assistance Trust Fund shall be made in accordance with the provisions of subsection (5) of Section 33-15-307.

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

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

SECTION 3. Section 31-17-105, Mississippi Code of 1972, is amended as follows:
31-17-105. (1) The notes shall be issued for the purpose of maintaining a sufficient working balance in the State General Fund. In effectuating the purposes of Section 31-17-101 et seq., the following procedures shall be followed:

(a) Immediately following the close of business on the last day of every calendar month, the State Fiscal Officer shall submit to each member of the State Bond Commission a certified statement relative to the actual unexpended cash balance remaining to the credit of the State General Fund, and state whether or not, in his opinion, the balance was sufficient, when combined with normal receipts for the ensuing month, to provide enough cash to pay obligations during the month at the time they are due, and if it is not sufficient, stating the amount that will be needed. The State Fiscal Officer shall also submit to the State Bond Commission, if he deems the General Fund cash balance insufficient, a statement showing cash balances in all special funds in the State Treasury that appear to have cash in excess of their immediate needs. The State Bond Commission shall immediately ascertain whether those balances are, in fact, in excess of current needs;

(b) The State Bond Commission shall issue notes as authorized hereunder in whatever amount it finds to be necessary, upon the recommendation of the State Fiscal Officer, to maintain a sufficient working balance in the General Fund; or

(c) If the State Bond Commission determines that it is not practical to issue notes at that time, or if the State Bond Commission determines it is not in the financial interests of the state to issue the notes at that time, and if the cash balance in special funds in the State Treasury in fact have cash in excess of their immediate needs, then the State Bond Commission shall, to the extent that those balances are available, make temporary loans or transfers therefrom to the General Fund. To accomplish that transfer or loan, a requisition shall be issued by the Bond Commission.
Commission against the special fund or funds, a copy thereof to be sent to each agency responsible for the administration of the fund or funds so utilized. The State Fiscal Officer shall issue his disbursement warrants against the fund or funds in the manner prescribed in governing statutes, and shall maintain a complete record of those transfers or loans and repayments thereof. A similar but separate record shall be maintained by the State Treasurer's office, to afford a double check for the benefit of the Bond Commission and agencies administering any special funds involved. * * * If any special fund has such a loan outstanding to the General Fund and needs the use of the money before the balance of the General Fund is sufficient to make repayment thereof, the Bond Commission shall effectuate a loan or transfer from other special fund or funds to the General Fund in an amount sufficient to make repayment, or if no other special fund balances are available, the Bond Commission shall immediately issue notes in the amount needed, as authorized in Section 31-17-103.

(2) It shall be the duty of the State Fiscal Officer to advise the Bond Commission, each month after those notes have been issued or those loans or transfers have been made, whether or not the cash balance to the credit of the State General Fund is sufficient to make full or partial payment of those obligations in addition to other current requirements, and if that is the case, the commission shall promptly issue requisitions on the State General Fund for whatever amount can be paid on those obligations without reducing the General Fund cash balance below the amount needed for current requirements during the remainder of the month; and the State Fiscal Officer shall issue his warrants accordingly. The State Treasurer shall requisition warrants, as appropriate, from the State Fiscal Officer, for the payment of interest on notes authorized hereunder and the payment of any costs authorized under Section 31-17-103.
(3) The State Bond Commission is also authorized, in the manner provided herein, to make temporary loans or transfers from special funds in the State Treasury to pay amounts authorized under Section 31-17-101 et seq., including without limitation payment of the principal of and interest on notes issued hereunder.

(4) Notes herein authorized to be issued may be reissued, and interfund loans or transfers herein authorized to be made may be remade, provided the total amount of those notes and interfund loans or transfers combined, outstanding at any one (1) time, shall not exceed seven and one-half percent (7-1/2%) of the total appropriations made by the Legislature out of the General Fund for the fiscal year during which those notes are issued and those interfund loans or transfers are made.

(5) The State Bond Commission shall immediately send notice of any action relating to the issuance of bonds or the borrowing of money, under authority of this or any other section, to the Legislative Budget Office.

(6) The authority of the State Bond Commission to make temporary loans or transfers from special funds in the State Treasury into the State General Fund is supplemental to the authority of the State Treasurer under Section 1 of this act to transfer monies from special funds in the Treasury into the Legislative Budget Supplemental Fund.

SECTION 4. This act shall take effect and be in force from and after its passage.