HOUSE BILL NO. 581
(As Sent to Governor)

1. AN ACT TO AUTHORIZE THE ISSUANCE OF $10,000,000.00 IN STATE
   GENERAL OBLIGATION BONDS TO PROVIDE FUNDS FOR THE SMALL
   MUNICIPALITIES AND LIMITED POPULATION COUNTIES FUND; TO AMEND
   SECTION 57-1-18, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT MONIES
   IN THE SMALL MUNICIPALITIES AND LIMITED POPULATION COUNTIES FUND
   WHICH ARE DERIVED FROM PROCEEDS OF BONDS ISSUED UNDER THIS ACT MAY
   BE USED TO REIMBURSE THE MISSISSIPPI DEVELOPMENT AUTHORITY FOR
   REASONABLE ACTUAL AND NECESSARY COSTS INCURRED BY THE MISSISSIPPI
   DEVELOPMENT AUTHORITY IN PROVIDING ASSISTANCE RELATED TO PROJECTS
   FOR WHICH FUNDING IS PROVIDED FROM THE USE PROCEEDS OF BONDS
   AUTHORIZED BY THIS ACT; AND FOR RELATED PURPOSES.

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

SECTION 1. As used in Sections 1 through 16 of this act, the
following words shall have the meanings ascribed herein unless the
context clearly requires otherwise:

(a) "Accreted value" of any bonds means, as of any date
   of computation, an amount equal to the sum of (i) the stated
   initial value of such bond, plus (ii) the interest accrued thereon
   from the issue date to the date of computation at the rate,
   compounded semiannually, that is necessary to produce the
   approximate yield to maturity shown for bonds of the same
   maturity.

(b) "State" means the State of Mississippi.

(c) "Commission" means the State Bond Commission.

SECTION 2. (1) The Mississippi Development Authority, at
one time, or from time to time, may declare by resolution the
necessity for issuance of general obligation bonds of the State of
Mississippi to provide funds for the grant program authorized in Section 57-1-18. Upon the adoption of a resolution by the Mississippi Development Authority, declaring the necessity for the issuance of any part or all of the general obligation bonds authorized by this section, the Mississippi Development Authority shall deliver a certified copy of its resolution or resolutions to the commission. Upon receipt of such resolution, the commission, in its discretion, may act as the issuing agent, prescribe the form of the bonds, advertise for and accept bids, issue and sell the bonds so authorized to be sold and do any and all other things necessary and advisable in connection with the issuance and sale of such bonds. The total amount of bonds issued under Sections 1 through 16 of this act shall not exceed Ten Million Dollars ($10,000,000.00). No bonds authorized under Sections 1 through 16 of this act shall be issued after July 1, 2006.

(2) The proceeds of bonds issued pursuant to Sections 1 through 16 of this act shall be deposited into the Small Municipalities and Limited Population Counties Fund created pursuant to Section 57-1-18. Any investment earnings on bonds issued pursuant to Sections 1 through 16 of this act shall be used to pay debt service on bonds issued under Sections 1 through 16 of this act, in accordance with the proceedings authorizing issuance of such bonds.

SECTION 3. The principal of and interest on the bonds authorized under Sections 1 through 16 of this act shall be payable in the manner provided in this section. Such bonds shall bear such date or dates, be in such denomination or denominations, bear interest at such rate or rates (not to exceed the limits set forth in Section 75-17-101, Mississippi Code of 1972), be payable at such place or places within or without the State of Mississippi, shall mature absolutely at such time or times not to exceed twenty-five (25) years from date of issue, be redeemable before maturity at such time or times and upon such terms, with or
without premium, shall bear such registration privileges, and
shall be substantially in such form, all as shall be determined by
resolution of the commission.

SECTION 4. The bonds authorized by Sections 1 through 16 of
this act shall be signed by the chairman of the commission, or by
his facsimile signature, and the official seal of the commission
shall be affixed thereto, attested by the secretary of the
commission. The interest coupons, if any, to be attached to such
bonds may be executed by the facsimile signatures of such
officers. Whenever any such bonds shall have been signed by the
officials designated to sign the bonds who were in office at the
time of such signing but who may have ceased to be such officers
before the sale and delivery of such bonds, or who may not have
been in office on the date such bonds may bear, the signatures of
such officers upon such bonds and coupons shall nevertheless be
valid and sufficient for all purposes and have the same effect as
if the person so officially signing such bonds had remained in
office until their delivery to the purchaser, or had been in
office on the date such bonds may bear. However, notwithstanding
anything herein to the contrary, such bonds may be issued as
provided in the Registered Bond Act of the State of Mississippi.

SECTION 5. All bonds and interest coupons issued under the
provisions of Sections 1 through 16 of this act have all the
qualities and incidents of negotiable instruments under the
provisions of the Uniform Commercial Code, and in exercising the
powers granted by Sections 1 through 16 of this act, the
commission shall not be required to and need not comply with the
provisions of the Uniform Commercial Code.

SECTION 6. The commission shall act as the issuing agent for
the bonds authorized under Sections 1 through 16 of this act,
prescribe the form of the bonds, advertise for and accept bids,
issue and sell the bonds so authorized to be sold, pay all fees
and costs incurred in such issuance and sale, and do any and all
other things necessary and advisable in connection with the issuance and sale of such bonds. The commission is authorized and empowered to pay the costs that are incident to the sale, issuance and delivery of the bonds authorized under Sections 1 through 16 of this act from the proceeds derived from the sale of such bonds. The commission shall sell such bonds on sealed bids at public sale, and for such price as it may determine to be for the best interest of the State of Mississippi, but no such sale shall be made at a price less than par plus accrued interest to the date of delivery of the bonds to the purchaser. All interest accruing on such bonds so issued shall be payable semiannually or annually; however, the first interest payment may be for any period of not more than one (1) year.

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

The commission, when issuing any bonds under the authority of Sections 1 through 16 of this act, may provide that bonds, at the option of the State of Mississippi, may be called in for payment and redemption at the call price named therein and accrued interest on such date or dates named therein.

SECTION 7. The bonds issued under the provisions of Sections 1 through 16 of this act are general obligations of the State of Mississippi, and for the payment thereof the full faith and credit of the State of Mississippi is irrevocably pledged. If the funds appropriated by the Legislature are insufficient to pay the principal of and the interest on such bonds as they become due, then the deficiency shall be paid by the State Treasurer from any funds in the State Treasury not otherwise appropriated. All such
bonds shall contain recitals on their faces substantially covering
the provisions of this section.

SECTION 8. Upon the issuance and sale of bonds under the
provisions of Sections 1 through 16 of this act, the commission
shall transfer the proceeds of any such sale or sales to the Small
Municipalities and Limited Population Counties Fund created in
Section 57-1-18. The proceeds of such bonds shall be disbursed
solely upon the order of the Mississippi Development Authority
under such restrictions, if any, as may be contained in the
resolution providing for the issuance of the bonds.

SECTION 9. The bonds authorized under Sections 1 through 16
of this act may be issued without any other proceedings or the
happening of any other conditions or things other than those
proceedings, conditions and things which are specified or required
by Sections 1 through 16 of this act. Any resolution providing
for the issuance of bonds under the provisions of Sections 1
through 16 of this act shall become effective immediately upon its
adoption by the commission, and any such resolution may be adopted
at any regular or special meeting of the commission by a majority
of its members.

SECTION 10. The bonds authorized under the authority of
Sections 1 through 16 of this act may be validated in the Chancery
Court of the First Judicial District of Hinds County, Mississippi,
in the manner and with the force and effect provided by Chapter
13, Title 31, Mississippi Code of 1972, for the validation of
county, municipal, school district and other bonds. The notice to
taxpayers required by such statutes shall be published in a
newspaper published or having a general circulation in the City of
Jackson, Mississippi.

SECTION 11. Any holder of bonds issued under the provisions
of Sections 1 through 16 of this act or of any of the interest
coupons pertaining thereto may, either at law or in equity, by
suit, action, mandamus or other proceeding, protect and enforce
any and all rights granted under Sections 1 through 16 of this act, or under such resolution, and may enforce and compel performance of all duties required by Sections 1 through 16 of this act to be performed, in order to provide for the payment of bonds and interest thereon.

SECTION 12. All bonds issued under the provisions of Sections 1 through 16 of this act shall be legal investments for trustees and other fiduciaries, and for savings banks, trust companies and insurance companies organized under the laws of the State of Mississippi, and such bonds shall be legal securities which may be deposited with and shall be received by all public officers and bodies of this state and all municipalities and political subdivisions for the purpose of securing the deposit of public funds.

SECTION 13. Bonds issued under the provisions of Sections 1 through 16 of this act and income therefrom shall be exempt from all taxation in the State of Mississippi.

SECTION 14. The proceeds of the bonds issued under Sections 1 through 16 of this act shall be used solely for the purposes therein provided, including the costs incident to the issuance and sale of such bonds.

SECTION 15. The State Treasurer is authorized, without further process of law, to certify to the Department of Finance and Administration the necessity for warrants, and the Department of Finance and Administration is authorized and directed to issue such warrants, in such amounts as may be necessary to pay when due the principal of, premium, if any, and interest on, or the accreted value of, all bonds issued under Sections 1 through 16 of this act; and the State Treasurer shall forward the necessary amount to the designated place or places of payment of such bonds in ample time to discharge such bonds, or the interest thereon, on the due dates thereof.
SECTION 16. Sections 1 through 16 of this act shall be deemed to be full and complete authority for the exercise of the powers therein granted, but Sections 1 through 16 of this act shall not be deemed to repeal or to be in derogation of any existing law of this state.

SECTION 17. Section 57-1-18, Mississippi Code of 1972, is amended as follows:

57-1-18. (1) For the purposes of this section the following terms shall have the meanings ascribed in this section unless the context clearly indicates otherwise:

(a) "Limited population county" means a county in the State of Mississippi with a population of thirty thousand (30,000) or less according to the most recent federal decennial census at the time the county submits its application to the MDA under this section.

(b) "MDA" means the Mississippi Development Authority.

(c) "Project" means highways, streets and other roadways, bridges, sidewalks, utilities, airfields, airports, acquisition of equipment, acquisition of real property, development of real property, improvements to real property, and any other project approved by the MDA.

(d) "Small municipality" means a municipality in the State of Mississippi with a population of ten thousand (10,000) or less according to the most recent federal decennial census at the time the municipality submits its application to the MDA under this section.

(2) (a) There is hereby created in the State Treasury a special fund to be designated as the "Small Municipalities and Limited Population Counties Fund," which shall consist of funds appropriated or otherwise made available by the Legislature in any manner and funds from any other source designated for deposit into such fund. Unexpended amounts remaining in the fund at the end of a fiscal year shall not lapse into the State General Fund, and any
investment earnings or interest earned on amounts in the fund shall be deposited to the credit of the fund. Monies in the fund shall be used to make grants to small municipalities and limited population counties or natural gas districts created by law and contained therein to assist in completing projects under this section.

(b) Monies in the fund which are derived from proceeds of bonds issued under Sections 1 through 16 of House Bill No. 581, 2002 Regular Session, may be used to reimburse reasonable actual and necessary costs incurred by the MDA in providing assistance related to a project for which funding is provided under this section from the use of proceeds of such bonds. An accounting of actual costs incurred for which reimbursement is sought shall be maintained for each project by the MDA. Reimbursement of reasonable actual and necessary costs for a project shall not exceed three percent (3%) of the proceeds of bonds issued for such project. Monies authorized for a particular project may not be used to reimburse administrative costs for unrelated projects. Reimbursements under this subsection shall satisfy any applicable federal tax law requirements.

(3) The MDA shall establish a grant program to make grants to small municipalities and limited population counties from the Small Municipalities and Limited Population Counties Fund. A small municipality or limited population county may apply to the MDA for a grant under this section in the manner provided for in this section.

(4) A small municipality or limited population county desiring assistance under this section must submit an application to the MDA. The application must include a description of the project for which assistance is requested, the cost of the project for which assistance is requested, the amount of assistance requested and any other information required by the MDA.
(5) The MDA shall have all powers necessary to implement and administer the program established under this section, and the department shall promulgate rules and regulations, in accordance with the Mississippi Administrative Procedures Law, necessary for the implementation of this section.

(6) The MDA shall file an annual report with the Governor, Secretary of the Senate and the Clerk of the House of Representatives not than December 1 of each year, describing all assistance provided under this section.

SECTION 18. This act shall take effect and be in force from and after its passage.