COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1559

AN ACT TO AMEND SECTIONS 57-1-301 AND 57-1-303, MISSISSIPPI CODE OF 1972, TO REFLECT THE CHANGE OF THE NAME OF THE MISSISSIPPI DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT TO THE MISSISSIPPI DEVELOPMENT AUTHORITY; TO REVISE THE RATE OF INTEREST ON LOANS MADE FROM THE LOCAL GOVERNMENTS CAPITAL IMPROVEMENTS REVOLVING LOAN FUND; AND FOR RELATED PURPOSES.

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

SECTION 1. Section 57-1-301, Mississippi Code of 1972, is amended as follows:

57-1-301. (1) There is established a local governments capital improvements revolving loan program to be administered by the Mississippi Development Authority for the purpose of assisting counties and municipalities in making capital improvements.

(2) For purposes of Sections 57-1-301 through 57-1-335, "capital improvements" include any combination of the following:

(a) Construction or repair of water and sewer facilities;

(b) Construction or repair of drainage systems for industrial development;

(c) Improvements in fire protection;

(d) Construction of new buildings for economic development purposes;

(e) Renovation or repair of existing buildings for economic development purposes;

(f) Construction or repair of access roads for industrial development;

(g) Purchase of buildings for economic development purposes;
(h) Construction or repair of railroad spurs for industrial development;

(i) Construction of any county or municipally owned health care facilities, excluding any county health departments;

(j) Construction, purchase, renovation or repair of any building to be utilized as an auditorium or convention center;

(k) Construction of multipurpose facilities for tourism development; or

(l) Loans to a county to aid in retiring interest-bearing loans utilized for the purchase of a motion picture sound stage.

(3) For the purposes of Sections 57-1-301 through 57-1-335, "Department of Economic and Community Development" means the Mississippi Development Authority.

SECTION 2. Section 57-1-303, Mississippi Code of 1972, is amended as follows:

57-1-303. (1) (a) There is created a special fund in the State Treasury to be designated as the "Local Governments Capital Improvements Revolving Loan Fund," which fund shall consist of such monies as provided in Sections 57-1-307 through 57-1-335. The fund shall be maintained in perpetuity for the purposes established in Sections 57-1-301 through 57-1-335. Unexpended amounts remaining in the fund at the end of a fiscal year shall not lapse into the State General Fund, and any interest earned on amounts in the fund shall be deposited to the credit of the fund. Monies in the fund may not be used or expended for any purpose except as authorized under Sections 57-1-301 through 57-1-335.

(b) The Local Governments Capital Improvements Revolving Loan Fund shall be divided into the Taxable Local Governments Capital Improvements Revolving Loan Subaccount and the Nontaxable Local Governments Capital Improvements Revolving Loan Subaccount. Funds allocated to the Nontaxable Local Governments Capital Improvements Revolving Loan Subaccount shall be utilized...
to provide loans for capital improvements that would qualify for
the issuance of bonds whose interest is exempt from income
taxation under the provisions of the Internal Revenue Code. Funds
allocated to the Taxable Local Governments Capital Improvements
Revolving Loan Subaccount shall be utilized to provide loans for
any eligible capital improvements, including, but not limited to,
capital improvements that would qualify for the issuance of bonds
whose interest is exempt from income taxation under the provisions
of the Internal Revenue Code.

(c) Of the funds deposited into the Local Governments
Capital Improvements Revolving Loan Fund, not less than
Twenty-five Million Dollars ($25,000,000.00) shall be allocated to
the Nontaxable Local Governments Capital Improvements Revolving
Loan Subaccount, and the remainder of such funds shall be
allocated to the Taxable Local Governments Capital Improvements
Revolving Loan Subaccount.

(2) A county or an incorporated municipality may apply to
the Mississippi Development Authority for a loan under the local
governments capital improvements revolving loan program
established under Sections 57-1-301 through 57-1-335.

(3) (a) The Mississippi Development Authority shall
establish a loan program by which loans, at the rate of interest
provided for in paragraph (b) of this subsection, may be made
available to counties and incorporated municipalities to assist
counties and incorporated municipalities in making capital
improvements. Loans from the revolving fund may be made to
counties and municipalities as set forth in a loan agreement in
amounts not to exceed one hundred percent (100%) of eligible
project costs as established by the Mississippi Development
Authority. The Mississippi Development Authority may require
county or municipal participation or funding from other sources,
or otherwise limit the percentage of costs covered by loans from
the revolving fund. The Mississippi Development Authority may
establish a maximum amount for any loan in order to provide for broad and equitable participation in the program.

(b) Except as otherwise provided in this paragraph (b), the rate of interest on loans made from the Local Governments Capital Improvements Revolving Loan Fund for capital improvements that would qualify for the issuance of bonds whose interest is exempt from income taxation under the provisions of the Internal Revenue Code shall be at the rate of three percent (3%) per annum, calculated according to the actuarial method. The rate of interest on loans for all other capital improvements shall be at the true interest cost on the most recent issue of twenty-year state general obligation bonds occurring prior to the date such loan is made. The rate of interest on loans made from the Local Governments Capital Improvements Revolving Loan Fund after the effective date of House Bill No. 1559, 2002 Regular Session, shall be at the rate of three percent (3%) per annum. This paragraph (b) shall be repealed from and after July 1, 2007.

Notwithstanding the provisions of this paragraph to the contrary, loans made for the purposes of the capital project described in Section 57-1-301(2)(l) shall bear no interest.

(4) A county that receives a loan from the revolving fund shall pledge for repayment of the loan any part of the homestead exemption annual tax loss reimbursement to which it may be entitled under Section 27-33-77. An incorporated municipality that receives a loan from the revolving fund shall pledge for repayment of the loan any part of the sales tax revenue distribution to which it may be entitled under Section 27-65-75. Each loan agreement shall provide for (i) monthly payments, (ii) semiannual payments, or (iii) other periodic payments, the annual total of which shall not exceed the annual total for any other year of the loan by more than fifteen percent (15%). The loan agreement shall provide for the repayment of all funds received
within not more than twenty (20) years from the date of project
completion.

(5) The State Auditor, upon request of the Mississippi
Development Authority, shall audit the receipts and expenditures
of a county or an incorporated municipality whose loan payments
appear to be in arrears, and if he finds that the county or
municipality is in arrears in such payments, he shall immediately
notify the Executive Director of the Department of Finance and
Administration who shall withhold all future payments to the
county of homestead exemption reimbursements under Section
27-33-77 and all sums allocated to the county or the municipality
under Section 27-65-75 until such time as the county or the
municipality is again current in its loan payments as certified by
the Mississippi Development Authority.

(6) Evidences of indebtedness which are issued pursuant to
this chapter shall not be deemed indebtedness within the meaning
specified in Section 21-33-303 with regard to cities or
incorporated towns, and in Section 19-9-5 with regard to counties.

SECTION 3. This act shall take effect and be in force from
and after its passage.