

By: Senator(s) Minor

To: Finance

COMMITTEE SUBSTITUTE
FOR
SENATE BILL NO. 2927

1 AN ACT TO AMEND SECTIONS 57-1-301 AND 57-1-303, MISSISSIPPI
2 CODE OF 1972, TO REFLECT THE CHANGE OF THE NAME OF THE MISSISSIPPI
3 DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT TO THE
4 MISSISSIPPI DEVELOPMENT AUTHORITY; TO INCLUDE PARKS AND
5 RECREATIONAL AND ATHLETIC FACILITIES WITHIN THOSE CAPITAL
6 IMPROVEMENTS FOR WHICH ASSISTANCE IS AVAILABLE UNDER THE LOCAL
7 GOVERNMENTS CAPITAL IMPROVEMENTS REVOLVING LOAN FUND; TO LIMIT THE
8 AMOUNT THAT MAY BE LOANED UNDER THE PROGRAMS FOR SUCH PURPOSES; TO
9 REVISE THE RATE OF INTEREST ON LOANS MADE FROM THE LOCAL
10 GOVERNMENTS CAPITAL IMPROVEMENTS REVOLVING LOAN FUND; AND FOR
11 RELATED PURPOSES.

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

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

15 57-1-301. (1) There is established a local governments
16 capital improvements revolving loan program to be administered by
17 the Mississippi Development Authority for the purpose of assisting
18 counties and municipalities in making capital improvements.

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

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

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

25 (c) Improvements in fire protection;

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

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

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



- 32 (g) Purchase of buildings for economic development
33 purposes;
- 34 (h) Construction or repair of railroad spurs for
35 industrial development;
- 36 (i) Construction of any county or municipally owned
37 health care facilities, excluding any county health departments;
- 38 (j) Construction, purchase, renovation or repair of any
39 building to be utilized as an auditorium or convention center;
- 40 (k) Construction of multipurpose facilities for tourism
41 development; * * *
- 42 (l) Loans to a county to aid in retiring
43 interest-bearing loans utilized for the purchase of a motion
44 picture sound stage; or
- 45 (m) Construction, repair and renovation of parks and
46 recreational and athletic facilities.

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

49 57-1-303. (1) (a) There is created a special fund in the
50 State Treasury to be designated as the "Local Governments Capital
51 Improvements Revolving Loan Fund," which fund shall consist of
52 such monies as provided in Sections 57-1-307 through 57-1-335.
53 The fund shall be maintained in perpetuity for the purposes
54 established in Sections 57-1-301 through 57-1-335. Unexpended
55 amounts remaining in the fund at the end of a fiscal year shall
56 not lapse into the State General Fund, and any interest earned on
57 amounts in the fund shall be deposited to the credit of the fund.
58 Monies in the fund may not be used or expended for any purpose
59 except as authorized under Sections 57-1-301 through 57-1-335.

60 (b) The Local Governments Capital Improvements
61 Revolving Loan Fund shall be divided into the Taxable Local
62 Governments Capital Improvements Revolving Loan Subaccount and the
63 Nontaxable Local Governments Capital Improvements Revolving Loan
64 Subaccount. Funds allocated to the Nontaxable Local Governments



65 Capital Improvements Revolving Loan Subaccount shall be utilized
66 to provide loans for capital improvements that would qualify for
67 the issuance of bonds whose interest is exempt from income
68 taxation under the provisions of the Internal Revenue Code. Funds
69 allocated to the Taxable Local Governments Capital Improvements
70 Revolving Loan Subaccount shall be utilized to provide loans for
71 any eligible capital improvements, including, but not limited to,
72 capital improvements that would qualify for the issuance of bonds
73 whose interest is exempt from income taxation under the provisions
74 of the Internal Revenue Code.

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

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

86 (3) (a) The Mississippi Development Authority shall
87 establish a loan program by which loans, at the rate of interest
88 provided for in paragraph (b) of this subsection, may be made
89 available to counties and incorporated municipalities to assist
90 counties and incorporated municipalities in making capital
91 improvements. Loans from the revolving fund may be made to
92 counties and municipalities as set forth in a loan agreement in
93 amounts not to exceed one hundred percent (100%) of eligible
94 project costs as established by the Mississippi Development
95 Authority. The Mississippi Development Authority may require
96 county or municipal participation or funding from other sources,
97 or otherwise limit the percentage of costs covered by loans from



98 the revolving fund. The Mississippi Development Authority may
99 establish a maximum amount for any loan in order to provide for
100 broad and equitable participation in the program and loans for
101 projects described in Section 57-1-301(1)(m) shall not exceed Two
102 Hundred Fifty Thousand Dollars (\$250,000.00).

103 (b) Except as otherwise provided in this paragraph (b),
104 the rate of interest on loans made from the Local Governments
105 Capital Improvements Revolving Loan Fund for capital improvements
106 that would qualify for the issuance of bonds whose interest is
107 exempt from income taxation under the provisions of the Internal
108 Revenue Code shall be at the rate of three percent (3%) per annum,
109 calculated according to the actuarial method. The rate of
110 interest on loans for all other capital improvements shall be at
111 the true interest cost on the most recent issue of twenty-year
112 state general obligation bonds occurring prior to the date such
113 loan is made. The rate of interest on loans made from the Local
114 Governments Capital Improvements Revolving Loan Fund after the
115 effective date of Senate Bill No. 2927, 2002 Regular Session,
116 shall not exceed one percent (1%) less than the federal discount
117 rate. Notwithstanding the provisions of this paragraph to the
118 contrary, loans made for the purposes of the capital project
119 described in Section 57-1-301(2)(1) shall bear no interest.

120 (4) A county that receives a loan from the revolving fund
121 shall pledge for repayment of the loan any part of the homestead
122 exemption annual tax loss reimbursement to which it may be
123 entitled under Section 27-33-77. An incorporated municipality
124 that receives a loan from the revolving fund shall pledge for
125 repayment of the loan any part of the sales tax revenue
126 distribution to which it may be entitled under Section 27-65-75.
127 Each loan agreement shall provide for (i) monthly payments, (ii)
128 semiannual payments, or (iii) other periodic payments, the annual
129 total of which shall not exceed the annual total for any other
130 year of the loan by more than fifteen percent (15%). The loan



131 agreement shall provide for the repayment of all funds received
132 within not more than twenty (20) years from the date of project
133 completion.

134 (5) The State Auditor, upon request of the Mississippi
135 Development Authority, shall audit the receipts and expenditures
136 of a county or an incorporated municipality whose loan payments
137 appear to be in arrears, and if he finds that the county or
138 municipality is in arrears in such payments, he shall immediately
139 notify the Executive Director of the Department of Finance and
140 Administration who shall withhold all future payments to the
141 county of homestead exemption reimbursements under Section
142 27-33-77 and all sums allocated to the county or the municipality
143 under Section 27-65-75 until such time as the county or the
144 municipality is again current in its loan payments as certified by
145 the Mississippi Development Authority.

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

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

