

By: Senator(s) Minor

To: Finance

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 REVISE THE RATE OF INTEREST  
5 ON LOANS MADE FROM THE LOCAL GOVERNMENTS CAPITAL IMPROVEMENTS  
6 REVOLVING LOAN FUND; AND FOR RELATED PURPOSES.

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

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

10 57-1-301. (1) There is established a local governments  
11 capital improvements revolving loan program to be administered by  
12 the Mississippi Development Authority for the purpose of assisting  
13 counties and municipalities in making capital improvements.

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

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

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

20 (c) Improvements in fire protection;

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

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

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

27 (g) Purchase of buildings for economic development  
28 purposes;



29 (h) Construction or repair of railroad spurs for  
30 industrial development;

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

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

35 (k) Construction of multipurpose facilities for tourism  
36 development; \* \* \*

37 (l) Loans to a county to aid in retiring  
38 interest-bearing loans utilized for the purchase of a motion  
39 picture sound stage; or

40 (m) Construction, repair and renovation of recreational  
41 and athletic facilities.

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

44 57-1-303. (1) (a) There is created a special fund in the  
45 State Treasury to be designated as the "Local Governments Capital  
46 Improvements Revolving Loan Fund," which fund shall consist of  
47 such monies as provided in Sections 57-1-307 through 57-1-335.  
48 The fund shall be maintained in perpetuity for the purposes  
49 established in Sections 57-1-301 through 57-1-335. Unexpended  
50 amounts remaining in the fund at the end of a fiscal year shall  
51 not lapse into the State General Fund, and any interest earned on  
52 amounts in the fund shall be deposited to the credit of the fund.  
53 Monies in the fund may not be used or expended for any purpose  
54 except as authorized under Sections 57-1-301 through 57-1-335.

55 (b) The Local Governments Capital Improvements  
56 Revolving Loan Fund shall be divided into the Taxable Local  
57 Governments Capital Improvements Revolving Loan Subaccount and the  
58 Nontaxable Local Governments Capital Improvements Revolving Loan  
59 Subaccount. Funds allocated to the Nontaxable Local Governments  
60 Capital Improvements Revolving Loan Subaccount shall be utilized  
61 to provide loans for capital improvements that would qualify for



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

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

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

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



95 broad and equitable participation in the program and loans for  
96 projects described in Section 57-1-301(1)(m) shall not exceed Two  
97 Hundred Fifty Thousand Dollars (\$250,000.00).

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

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



127 within not more than twenty (20) years from the date of project  
128 completion.

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

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

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

