

By: Senator(s) Minor, Dearing

To: Finance

SENATE BILL NO. 2927
(As Sent to Governor)

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, SWIMMING
5 POOLS AND RECREATIONAL AND ATHLETIC FACILITIES WITHIN THOSE
6 CAPITAL IMPROVEMENTS FOR WHICH ASSISTANCE IS AVAILABLE UNDER THE
7 LOCAL GOVERNMENTS CAPITAL IMPROVEMENTS REVOLVING LOAN FUND; TO
8 LIMIT THE AMOUNT THAT MAY BE LOANED UNDER THE PROGRAMS FOR SUCH
9 PURPOSES; TO AUTHORIZE THE MISSISSIPPI DEVELOPMENT AUTHORITY TO
10 UTILIZE MONEY IN THE LOCAL GOVERNMENTS CAPITAL IMPROVEMENTS
11 REVOLVING LOAN FUND THAT IS DERIVED FROM INTEREST ON LOAN PAYMENTS
12 FOR THE GENERAL SUPPORT OF THE AUTHORITY; TO REVISE THE RATE OF
13 INTEREST ON LOANS MADE FROM THE LOCAL GOVERNMENTS CAPITAL
14 IMPROVEMENTS REVOLVING LOAN FUND; AND FOR RELATED PURPOSES.

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

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

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

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

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

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

28 (c) Improvements in fire protection;

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

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



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

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

52 57-1-303. (1) (a) (i) There is created a special fund in
53 the State Treasury to be designated as the "Local Governments
54 Capital Improvements Revolving Loan Fund," which fund shall
55 consist of such monies as provided in Sections 57-1-307 through
56 57-1-335. The fund shall be maintained in perpetuity for the
57 purposes established in Sections 57-1-301 through 57-1-335.
58 Unexpended amounts remaining in the fund at the end of a fiscal
59 year shall not lapse into the State General Fund, and any interest
60 earned on amounts in the fund shall be deposited to the credit of
61 the fund. Monies in the fund may not be used or expended for any
62 purpose except as authorized under Sections 57-1-301 through
63 57-1-335.

64 (ii) Monies in the Local Governments Capital
65 Improvements Revolving Loan Fund which are derived from interest



66 on loan payments received by the Mississippi Development Authority
67 after January 1, 2002, for loans funded with proceeds of bonds
68 whose interest is not exempt from income taxation under the
69 provisions of the Internal Revenue Code may be used by the
70 Mississippi Development Authority for the ordinary and necessary
71 general support of the Mississippi Development Authority.
72 However, such monies may not be used for the purpose of providing
73 salary increases for Mississippi Development Authority employees.
74 The Mississippi Development Authority may escalate its budget and
75 expend such monies in accordance with rules and regulations of the
76 Department of Finance and Administration in a manner consistent
77 with the escalation of federal funds. This subparagraph (ii)
78 shall be repealed from and after July 1, 2005.

79 (b) The Local Governments Capital Improvements
80 Revolving Loan Fund shall be divided into the Taxable Local
81 Governments Capital Improvements Revolving Loan Subaccount and the
82 Nontaxable Local Governments Capital Improvements Revolving Loan
83 Subaccount. Funds allocated to the Nontaxable Local Governments
84 Capital Improvements Revolving Loan Subaccount shall be utilized
85 to provide loans for capital improvements that would qualify for
86 the issuance of bonds whose interest is exempt from income
87 taxation under the provisions of the Internal Revenue Code. Funds
88 allocated to the Taxable Local Governments Capital Improvements
89 Revolving Loan Subaccount shall be utilized to provide loans for
90 any eligible capital improvements, including, but not limited to,
91 capital improvements that would qualify for the issuance of bonds
92 whose interest is exempt from income taxation under the provisions
93 of the Internal Revenue Code.

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



99 allocated to the Taxable Local Governments Capital Improvements
100 Revolving Loan Subaccount.

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

105 (3) (a) The Mississippi Development Authority shall
106 establish a loan program by which loans, at the rate of interest
107 provided for in paragraph (b) of this subsection, may be made
108 available to counties and incorporated municipalities to assist
109 counties and incorporated municipalities in making capital
110 improvements. Loans from the revolving fund may be made to
111 counties and municipalities as set forth in a loan agreement in
112 amounts not to exceed one hundred percent (100%) of eligible
113 project costs as established by the Mississippi Development
114 Authority. The Mississippi Development Authority may require
115 county or municipal participation or funding from other sources,
116 or otherwise limit the percentage of costs covered by loans from
117 the revolving fund. The Mississippi Development Authority may
118 establish a maximum amount for any loan in order to provide for
119 broad and equitable participation in the program and loans for
120 projects described in Section 57-1-301(1)(m) shall not exceed Two
121 Hundred Fifty Thousand Dollars (\$250,000.00) per project.

122 (b) (i) Except as otherwise provided in this paragraph
123 (b), the rate of interest on loans made from the Local Governments
124 Capital Improvements Revolving Loan Fund for capital improvements
125 that would qualify for the issuance of bonds whose interest is
126 exempt from income taxation under the provisions of the Internal
127 Revenue Code shall be at the rate of three percent (3%) per annum,
128 calculated according to the actuarial method. The rate of
129 interest on loans for all other capital improvements shall be at
130 the true interest cost on the most recent issue of twenty-year



131 state general obligation bonds occurring prior to the date such
132 loan is made.

133 (ii) The rate of interest on loans made after the
134 effective date of Senate Bill No. 2927, 2002 Regular Session, from
135 the Local Governments Capital Improvements Revolving Loan Fund for
136 capital improvements that would qualify for the issuance of bonds
137 whose interest is exempt from income taxation under the provisions
138 of the Internal Revenue Code shall be at the rate of two percent
139 (2%) per annum, calculated according to the actuarial method. The
140 rate of interest on loans made after the effective date of Senate
141 Bill No. 2927, 2002 Regular Session, for all other capital
142 improvements shall be at the rate of three percent (3%) per annum,
143 calculated according to the actuarial method.

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

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

162 (5) The State Auditor, upon request of the Mississippi
163 Development Authority, shall audit the receipts and expenditures



164 of a county or an incorporated municipality whose loan payments
165 appear to be in arrears, and if he finds that the county or
166 municipality is in arrears in such payments, he shall immediately
167 notify the Executive Director of the Department of Finance and
168 Administration who shall withhold all future payments to the
169 county of homestead exemption reimbursements under Section
170 27-33-77 and all sums allocated to the county or the municipality
171 under Section 27-65-75 until such time as the county or the
172 municipality is again current in its loan payments as certified by
173 the Mississippi Development Authority.

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

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

