

*****Adopted*****

AMENDMENT No. 1 TO AMENDMENT No. 1 PROPOSED TO

House Bill NO. 803

By Senator(s) Farris, King, Stogner

1 **AMEND** by inserting the following new section after line 135
2 and renumbering subsequent sections accordingly:

3 **SECTION *.** Section 29-3-63, Mississippi Code of 1972, is
4 amended as follows:

5 29-3-63. (1) The holder of a lease of sixteenth section or
6 lieu land, at the expiration thereof, shall have a prior right,
7 exclusive of all other persons, to re-lease or to extend an
8 existing lease as may be agreed upon between the holder of the
9 lease and board of education subject to the classification of said
10 land. Provided, however, no holder of a lease of sixteenth
11 section land classified as agricultural land shall have any
12 priority rights in extending his lease contract, except as
13 otherwise provided in Section 29-3-81. Provided, however, the
14 compensation on an annual basis shall be the fair market rental of
15 the land excluding buildings and improvements made on such land by
16 the lessee, the title to which is not held in trust for the public
17 schools, but in no event shall the compensation be less than the
18 minimum amounts prescribed in subsection (2) of this section.

19 (2) The board of education shall not lease or extend a lease
20 on land classified as industrial or commercial at an annual rental
21 less than five percent (5%) of the current market value, exclusive
22 of buildings or improvements not owned by the school district.

23 Such minimum acceptable percentage shall not apply to land

24 classified as farm-residential, residential, recreational and
25 other land; however, fair market rental will apply to those lands
26 as determined by appraisal, comparative analysis or comparison
27 with the private sector.

28 (3) The prior right to re-lease or extend an existing oil,
29 gas and mineral lease, or any part thereof, granted under this
30 section shall be conditioned upon the existence of production of
31 oil, gas or other minerals thereunder in paying quantities, or the
32 existence of a well capable of such production, or the existence
33 of drilling or reworking operations at the time of lease
34 expiration. Provided, however, that said lease may, in the
35 discretion of the board of education, be extended only as to the
36 lands included in a unit or units as defined by the appropriate
37 agency having jurisdiction over said unit or units. The
38 replacement lease shall be upon such terms and conditions as may
39 be agreed upon between the holder of the lease and the board of
40 education, provided that the rental and royalty provisions shall
41 not be less than the rental and royalty provisions as set out in
42 the expired lease and the primary term shall not exceed the
43 limitations in Section 29-3-99. Bonus payment for the replacement
44 lease shall be consistent with the requirements set out in Section
45 29-3-65 with respect to oil, gas and mineral leases.

46 (4) Where used in this section and Section 29-3-65, the term
47 "oil and gas lease" or "oil, gas and mineral lease" shall include
48 all leases originally executed pursuant to Section 29-3-99.

49 (5) The right to re-lease an oil, gas and mineral lease
50 provided in subsection (3) above extends to oil, gas and mineral
51 leases which have already expired as of the effective date of this
52 section, subject to an accounting for production from the date of
53 lease expiration to the date of the replacement lease authorized
54 herein.

55 (6) When sixteenth section or lieu land classified as
56 "commercial" or "industrial" is appraised or reappraised pursuant
57 to the requirements of Section 29-3-65 and the board of education
58 makes a finding spread upon its minutes that the present

59 leaseholder intends to file for federal bankruptcy or receivership
60 protection as a result of such appraisal or reappraisal, the
61 holder of the existing lease may re-lease the land for a term not
62 exceeding five (5) years for a rental amount that is equal to the
63 rental value of the existing lease in order for the leaseholder to
64 sell and/or remove business improvements on the land, and in order
65 for the board of education to locate and negotiate a lease with
66 another leaseholder.

67 **FURTHER, amend the title amendment by inserting the following**
68 **after the semicolon on line 4:**

69 TO AMEND SECTION 29-3-63, MISSISSIPPI CODE OF 1972, TO AUTHORIZE
70 THE LOCAL SCHOOL BOARD TO EXTEND A SIXTEENTH SECTION LAND LEASE ON
71 CERTAIN LAND WHEN THE LEASEHOLDER INTENDS TO FILE FOR BANKRUPTCY
72 OR RECEIVERSHIP PROTECTION;