AN ACT TO AMEND SECTION 31-7-10, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT THE DEPARTMENT OF FINANCE AND ADMINISTRATION SHALL WITHHOLD CERTAIN AMOUNTS DUE UNDER THE MASTER LEASE-PURCHASE PROGRAM FROM A SCHOOL DISTRICT'S MINIMUM EDUCATION OR ADEQUATE EDUCATION PROGRAM FUND ALLOTMENTS; TO PROVIDE THAT THE DEPARTMENT OF FINANCE AND ADMINISTRATION SHALL WITHHOLD CERTAIN AMOUNTS DUE UNDER THE MASTER LEASE-PURCHASE PROGRAM FROM ANY FUNDS ALLOCATED FOR THAT COMMUNITY OR JUNIOR COLLEGE DISTRICT; AND FOR RELATED PURPOSES.

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

SECTION 1. Section 31-7-10, Mississippi Code of 1972, is amended as follows:

31-7-10. (1) For the purposes of this section, the term "equipment," shall mean equipment, furniture, and if applicable, associated software and other applicable direct costs associated with the acquisition. In addition to its other powers and duties, the Department of Finance and Administration shall have the authority to develop a master lease-purchase program and, pursuant to that program, shall have the authority to execute on behalf of the state master lease-purchase agreements for equipment to be used by an agency, as provided in this section. Each agency electing to acquire equipment by a lease-purchase agreement shall participate in the Department of Finance and Administration's master lease-purchase program, unless the Department of Finance and Administration makes a determination that such equipment cannot be obtained under the program or unless the equipment can be obtained elsewhere at an overall cost lower than that for which the equipment can be obtained under the program. Such lease-purchase agreements may include the refinancing or
consolidation, or both, of any state agency lease-purchase agreements entered into after June 30, 1990.

(2) All funds designated by agencies for procurement of equipment and financing thereof under the master lease-purchase program shall be paid into a special fund created in the State Treasury known as the "Master Lease-Purchase Program Fund," which shall be used by the Department of Finance and Administration for payment to the lessors for equipment acquired under master lease-purchase agreements.

(3) Upon final approval of an appropriation bill, each agency shall submit to the Public Procurement Review Board a schedule of proposed equipment acquisitions for the master lease-purchase program. Upon approval of an equipment schedule by the Public Procurement Review Board with the advice of the Department of Information Technology Services, the Office of Purchasing and Travel, and the Division of Energy and Transportation of the Mississippi Development Authority as it pertains to energy efficient climate control systems, the Public Procurement Review Board shall forward a copy of the equipment schedule to the Department of Finance and Administration.

(4) The level of lease-purchase debt recommended by the Department of Finance and Administration shall be subject to approval by the State Bond Commission. After such approval, the Department of Finance and Administration shall be authorized to advertise and solicit written competitive proposals for a lessor, who will purchase the equipment pursuant to bid awards made by the using agency under a given category and then transfer the equipment to the Department of Finance and Administration as lessee, pursuant to a master lease-purchase agreement.

The Department of Finance and Administration shall select the successful proposer for the financing of equipment under the master lease-purchase program with the approval of the State Bond Commission.
(5) Each master lease-purchase agreement, and any subsequent amendments, shall include such terms and conditions as the State Bond Commission shall determine to be appropriate and in the public interest, and may include any covenants deemed necessary or desirable to protect the interests of the lessor, including, but not limited to, provisions setting forth the interest rate (or method for computing interest rates) for financing pursuant to such agreement, covenants concerning application of payments and funds held in the Master Lease-Purchase Program Fund, covenants to maintain casualty insurance with respect to equipment subject to the master lease-purchase agreement (and all state agencies are specifically authorized to purchase any insurance required by a master lease-purchase agreement) and covenants precluding or limiting the right of the lessee or user to acquire equipment within a specified time (not to exceed five (5) years) after cancellation on the basis of a failure to appropriate funds for payment of amounts due under a lease-purchase agreement covering comparable equipment. The State Bond Commission shall transmit copies of each such master lease-purchase agreement and each such amendment to the Joint Legislative Budget Committee. To the extent provided in any master lease-purchase agreement, title to equipment leased pursuant thereto shall be deemed to be vested in the state or the user of the equipment (as specified in such master lease-purchase agreement), subject to default under or termination of such master lease-purchase agreement.

A master lease-purchase agreement may provide for payment by the lessor to the lessee of the purchase price of the equipment to be acquired pursuant thereto prior to the date on which payment is due to the vendor for such equipment and that the lease payments by the lessee shall commence as though the equipment had been provided on the date of payment. If the lessee, or lessee's escrow agent, has sufficient funds for payment of equipment purchases prior to payment due date to vendor of equipment, such
funds shall be held or utilized on an as-needed basis for payment of equipment purchases either by the State Treasurer (in which event the master lease-purchase agreement may include provisions concerning the holding of such funds, the creation of a security interest for the benefit of the lessor in such funds until disbursed and other appropriate provisions approved by the Bond Commission) or by a corporate trustee selected by the Department of Finance and Administration (in which event the Department of Finance and Administration shall have the authority to enter into an agreement with such a corporate trustee containing terms and conditions approved by the Bond Commission). Earnings on any amount paid by the lessor prior to the acquisition of the equipment may be used to make lease payments under the master lease-purchase agreement or applied to pay costs and expenses incurred in connection with such lease-purchase agreement. In such event, the equipment use agreements with the user agency may provide for lease payments to commence upon the date of payment by the lessor and may also provide for a credit against such payments to the extent that investment receipts from investment of the purchase price are to be used to make lease-purchase payments.

(6) The annual rate of interest paid under any lease-purchase agreement authorized under this section shall not exceed the maximum interest rate to maturity on general obligation indebtedness permitted under Section 75-17-101.

(7) The Department of Finance and Administration shall furnish the equipment to the various agencies, also known as the user, pursuant to an equipment-use agreement developed by the Department of Finance and Administration. Such agreements shall require that all monthly payments due from such agency be paid, transferred or allocated into the Master Lease-Purchase Program Fund pursuant to a schedule established by the Department of Finance and Administration. In the event such sums are not paid by the defined payment period, the Executive Director of the
Department of Finance and Administration shall issue a requisition for a warrant to draw such amount as may be due from any funds appropriated for the use of the agency which has failed to make the payment as agreed.

(8) All master lease-purchase agreements executed under the authority of this section shall contain the following annual allocation dependency clause or an annual allocation dependency clause which is substantially equivalent thereto: "The continuation of each equipment schedule to this agreement is contingent in whole or in part upon the appropriation of funds by the Legislature to make the lease-purchase payments required under such equipment schedule. If the Legislature fails to appropriate sufficient funds to provide for the continuation of the lease-purchase payments under any such equipment schedule, then the obligations of the lessee and of the agency to make such lease-purchase payments and the corresponding provisions of any such equipment schedule to this agreement shall terminate on the last day of the fiscal year for which appropriations were made."

(9) The maximum lease term for any equipment acquired under the master lease-purchase program shall not exceed the useful life of such equipment as determined according to the upper limit of the asset depreciation range (ADR) guidelines for the Class Life Asset Depreciation Range System established by the Internal Revenue Service pursuant to the United States Internal Revenue Code and Regulations thereunder as in effect on December 31, 1980, or comparable depreciation guidelines with respect to any equipment not covered by ADR guidelines. The Department of Finance and Administration shall be deemed to have met the requirements of this subsection if the term of a master lease-purchase agreement does not exceed the weighted average useful life of all equipment covered by such agreement and the schedules thereto as determined by the Department of Finance and Administration. For purposes of this subsection, the "term of a
master lease-purchase agreement" shall be the weighted average
maturity of all principal payments to be made under such master
lease-purchase agreement and all schedules thereto.

(10) Interest paid on any master lease-purchase agreement
under this section shall be exempt from State of Mississippi
income taxation. All equipment, and the purchase thereof by any
lessor, acquired under the master lease-purchase program and all
lease-purchase payments with respect thereto shall be exempt from
all Mississippi sales, use and ad valorem taxes.

(11) The Governor, in his annual executive budget to the
Legislature, shall recommend appropriations sufficient to provide
funds to pay all amounts due and payable during the applicable
fiscal year under master lease-purchase agreements entered into
pursuant to this section.

(12) Any master lease-purchase agreement reciting in
substance that such agreement has been entered into pursuant to
this section shall be conclusively deemed to have been entered
into in accordance with all of the provisions and conditions set
forth in this section. Any defect or irregularity arising with
respect to procedures applicable to the acquisition of any
equipment shall not invalidate or otherwise limit the obligation
of the Department of Finance and Administration, or the state or
any agency of the state, under any master lease-purchase agreement
or any equipment-use agreement.

(13) There shall be maintained by the Department of Finance
and Administration, with respect to each master lease-purchase
agreement, an itemized statement of the cash price, interest
rates, interest costs, commissions, debt service schedules and all
other costs and expenses paid by the state incident to the
lease-purchase of equipment under such agreement.

(14) Lease-purchase agreements entered into by the Board of
Trustees of State Institutions of Higher Learning pursuant to the
authority of Section 37-101-413 or by any other agency which has
specific statutory authority other than pursuant to Section 31-7-13(e) to acquire equipment by lease-purchase shall not be made pursuant to the master lease-purchase program under this section, unless the Board of Trustees of State Institutions of Higher Learning or such other agency elects to participate as to part or all of its lease-purchase acquisitions in the master lease-purchase program pursuant to this section.

(15) The Department of Finance and Administration may develop a master lease-purchase program for school districts and, pursuant to that program, may execute on behalf of the school districts master lease-purchase agreements for equipment to be used by the school districts. The form and structure of this program shall be substantially the same as set forth in this section for the master lease-purchase program for state agencies. If sums due from a school district under the master lease-purchase program are not paid by the expiration of the defined payment period, the Executive Director of the Department of Finance and Administration shall withhold such amount that is due from the school district’s minimum education or adequate education program fund allotments.

(16) The Department of Finance and Administration may develop a master lease-purchase program for community and junior college districts and, pursuant to that program, may execute on behalf of the community and junior college districts master lease-purchase agreements for equipment to be used by the community and junior college districts. The form and structure of this program must be substantially the same as set forth in this section for the master lease-purchase program for state agencies. If sums due from a community or junior college district under the master lease-purchase program are not paid by the expiration of the defined payment period, the Executive Director of the Department of Finance and Administration shall withhold an amount equal to the amount due under the program from any funds allocated
for that community or junior college district in the state
appropriations for the use and support of the community and junior
colleges.

SECTION 2. This act shall take effect and be in force from
and after July 1, 2003.