

By: Representatives Warren, Brown

To: Education

HOUSE BILL NO. 1230
(As Passed the House)

1 AN ACT TO AMEND SECTION 29-3-113, MISSISSIPPI CODE OF 1972,
2 TO ALLOW THE LOCAL BOARDS OF EDUCATION TO INVEST SURPLUS FUNDS IN
3 THE SIXTEENTH SECTION LANDS PRINCIPAL FUND IN THE SAME INVESTMENTS
4 AS OTHER POLITICAL SUBDIVISIONS OF THE STATE MAY INVEST SURPLUS
5 FUNDS; AND FOR RELATED PURPOSES.

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

7 **SECTION 1.** Section 29-3-113, Mississippi Code of 1972, is
8 amended as follows:

9 29-3-113. The principal fund shall be a permanent township
10 fund which shall consist of funds heretofore or hereafter derived
11 from certain uses or for certain resources of school trust lands
12 which shall be invested and, except as otherwise provided in this
13 section, only the interest and income derived from such funds
14 shall be expendable by the school district.

15 The principal fund shall consist of:

16 (a) Funds received for easements and rights-of-way
17 pursuant to Section 29-3-91;

18 (b) Funds received for sales of lieu land pursuant to
19 Sections 29-3-15 through 29-3-25;

20 (c) Funds received from any permanent damage to the
21 school trust land;

22 (d) Funds received from the sale of nonrenewable
23 resources including, but not limited to, the sale of sand, gravel,
24 dirt, clays and royalties received from the sale of mineral ores,
25 coal, oil and gas;

26 (e) Funds received from the sale of buildings pursuant
27 to Section 29-3-77;

28 (f) Funds received from the sale of timber; and



29 (g) Funds received pursuant to Section 29-3-23(2).

30 It shall be the duty of the board of education to keep the
31 principal fund invested in any direct obligation issued by or
32 guaranteed in full as to principal and interest by the United
33 States of America or in certificates of deposit issued by a
34 qualified depository of the State of Mississippi as approved by
35 the State Treasurer. The certificates of deposit may bear
36 interest at any rate per annum which may be mutually agreed upon
37 but in no case shall said rate be less than that paid on passbook
38 savings.

39 The board of education is * * * authorized to invest the
40 funds in interest bearing deposits or other obligations of the
41 types described in Section 27-105-33 * * * or in any other type
42 investment in which any other political subdivision of the State
43 of Mississippi may invest, except that one hundred percent (100%)
44 of the funds are * * * authorized to be * * * invested. For the
45 purposes of investment, the principal fund of each township may be
46 combined into one or more district accounts; however, the docket
47 book of the county superintendent shall at all times reflect the
48 proper source of such funds. Provided that funds received from
49 the sale of timber shall be placed in a separate principal fund
50 account, and may be expended for any of the purposes authorized by
51 law.

52 The board of education shall have authority to borrow such
53 funds at a rate of interest not less than four percent (4%) per
54 annum and for a term not exceeding twenty (20) years, for the
55 erection, equipment or repair of said district schools, to provide
56 local funds for any building project approved by the State Board
57 of Education or to provide additional funds for forest stand
58 improvement as set forth in Section 29-3-47. In addition, the
59 board may borrow the funds under the same interest restrictions
60 for a term not exceeding ten (10) years to provide funds for the
61 purchase of school buses. The board of education of any school



62 district in any county that has an aggregate amount of assets in
63 its principal fund in excess of Five Million Dollars
64 (\$5,000,000.00), may deduct an amount not to exceed Five Hundred
65 Thousand Dollars (\$500,000.00) for the purpose of covering the
66 cost of asbestos removal from school district buildings. Such
67 asbestos removal shall be construed to constitute the repair of
68 school district facilities as prescribed in Section 29-3-115.

69 No school land trust funds may be expended after the annual
70 payment date until the payment is made on such loan. The annual
71 payment can be made from any funds available to the school
72 district except minimum foundation program funds.

73 It shall be unlawful for the board of education to borrow any
74 sixteenth section school funds in any other manner than that
75 prescribed herein, and if any such funds shall be borrowed or
76 invested in any other manner, any officer concerned in making such
77 loan and investment or suffering the same to be made in violation
78 of the provisions of this section, shall be liable personally and
79 on his official bond for the safety of the funds so loaned.

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

