

By: Representatives McCoy, Morris, Smith  
(39th)

To: Ways and Means

HOUSE BILL NO. 1596  
(As Sent to Governor)

1 AN ACT TO AUTHORIZE THE ISSUANCE OF GENERAL OBLIGATION BONDS  
2 OF THE STATE OF MISSISSIPPI FOR THE PURPOSE OF PROVIDING FUNDS FOR  
3 THE MISSISSIPPI LAND, WATER AND TIMBER RESOURCES FUND; TO AMEND  
4 SECTION 69-46-7, MISSISSIPPI CODE OF 1972, TO AUTHORIZE THE  
5 MISSISSIPPI LAND, WATER AND TIMBER RESOURCES BOARD TO SET ASIDE  
6 \$1,000,000.00 OF THE MONIES IN THE MISSISSIPPI LAND, WATER AND  
7 TIMBER RESOURCES FUND FOR THE PURPOSE OF PROVIDING FUNDS TO THE  
8 MISSISSIPPI DEPARTMENT OF AGRICULTURE AND COMMERCE FOR USE IN  
9 MAKING PAYMENTS TO ETHANOL PRODUCERS UNDER SECTION 69-51-5,  
10 MISSISSIPPI CODE OF 1972, DURING THE STATE FISCAL YEAR BEGINNING  
11 JULY 1, 2003, AND ENDING JUNE 30, 2004; TO AUTHORIZE BORROWING BY  
12 THE STATE BOND COMMISSION IN ANTICIPATION OF THE ISSUANCE OF BONDS  
13 AUTHORIZED FOR THE MISSISSIPPI LAND, WATER AND TIMBER RESOURCES  
14 FUND; AND FOR RELATED PURPOSES.

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

16 **SECTION 1.** As used in Sections 1 through 16 of this act, the  
17 following words shall have the meanings ascribed herein unless the  
18 context clearly requires otherwise:

19 (a) "Accreted value" of any bond means, as of any date  
20 of computation, an amount equal to the sum of (i) the stated  
21 initial value of such bond, plus (ii) the interest accrued thereon  
22 from the issue date to the date of computation at the rate,  
23 compounded semiannually, that is necessary to produce the  
24 approximate yield to maturity shown for bonds of the same  
25 maturity.

26 (b) "State" means the State of Mississippi.

27 (c) "Commission" means the State Bond Commission.

28 **SECTION 2.** (1) The commission, at one time, or from time to  
29 time, may declare by resolution the necessity for issuance of  
30 general obligation bonds of the State of Mississippi to provide  
31 funds for the Mississippi Land, Water and Timber Resources Fund  
32 created in Section 69-46-7, Mississippi Code of 1972. Upon the  
33 adoption of a resolution by the Mississippi Land, Water and Timber



34 Resources Board, declaring the necessity for the issuance of any  
35 part or all of the general obligation bonds authorized by this  
36 section, the Mississippi Land, Water and Timber Resources Board  
37 shall deliver a certified copy of its resolution or resolutions to  
38 the commission. Upon receipt of such resolution, the commission,  
39 in its discretion, may act as the issuing agent, prescribe the  
40 form of the bonds, advertise for and accept bids, issue and sell  
41 the bonds so authorized to be sold and do any and all other things  
42 necessary and advisable in connection with the issuance and sale  
43 of such bonds. The total amount of bonds issued under Sections 1  
44 through 16 of this act shall not exceed Ten Million Dollars  
45 (\$10,000,000.00). No bonds shall be issued under Sections 1  
46 through 16 of this act after July 1, 2007.

47 (2) The proceeds of bonds issued pursuant to Sections 1  
48 through 16 of this act shall be deposited into the Mississippi  
49 Land, Water and Timber Resources Fund created pursuant to Section  
50 69-46-7. Any investment earnings on bonds issued pursuant to  
51 Sections 1 through 16 of this act shall be used to pay debt  
52 service on bonds issued under Sections 1 through 16 of this act,  
53 in accordance with the proceedings authorizing issuance of such  
54 bonds.

55 **SECTION 3.** The principal of and interest on the bonds  
56 authorized under Sections 1 through 16 of this act shall be  
57 payable in the manner provided in this section. Such bonds shall  
58 bear such date or dates, be in such denomination or denominations,  
59 bear interest at such rate or rates (not to exceed the limits set  
60 forth in Section 75-17-101, Mississippi Code of 1972), be payable  
61 at such place or places within or without the State of  
62 Mississippi, shall mature absolutely at such time or times not to  
63 exceed twenty-five (25) years from date of issue, be redeemable  
64 before maturity at such time or times and upon such terms, with or  
65 without premium, shall bear such registration privileges, and



66 shall be substantially in such form, all as shall be determined by  
67 resolution of the commission.

68       **SECTION 4.** The bonds authorized by Sections 1 through 16 of  
69 this act shall be signed by the chairman of the commission, or by  
70 his facsimile signature, and the official seal of the commission  
71 shall be affixed thereto, attested by the secretary of the  
72 commission. The interest coupons, if any, to be attached to such  
73 bonds may be executed by the facsimile signatures of such  
74 officers. Whenever any such bonds shall have been signed by the  
75 officials designated to sign the bonds who were in office at the  
76 time of such signing but who may have ceased to be such officers  
77 before the sale and delivery of such bonds, or who may not have  
78 been in office on the date such bonds may bear, the signatures of  
79 such officers upon such bonds and coupons shall nevertheless be  
80 valid and sufficient for all purposes and have the same effect as  
81 if the person so officially signing such bonds had remained in  
82 office until their delivery to the purchaser, or had been in  
83 office on the date such bonds may bear. However, notwithstanding  
84 anything herein to the contrary, such bonds may be issued as  
85 provided in the Registered Bond Act of the State of Mississippi.

86       **SECTION 5.** All bonds and interest coupons issued under  
87 Sections 1 through 16 of the provisions of this act have all the  
88 qualities and incidents of negotiable instruments under the  
89 provisions of the Uniform Commercial Code, and in exercising the  
90 powers granted by Sections 1 through 16 of this act, the  
91 commission shall not be required to and need not comply with the  
92 provisions of the Uniform Commercial Code.

93       **SECTION 6.** The commission shall act as the issuing agent for  
94 the bonds authorized under Sections 1 through 16 of this act,  
95 prescribe the form of the bonds, advertise for and accept bids,  
96 issue and sell the bonds so authorized to be sold, pay all fees  
97 and costs incurred in such issuance and sale, and do any and all  
98 other things necessary and advisable in connection with the



99 issuance and sale of such bonds. The commission is authorized and  
100 empowered to pay the costs that are incident to the sale, issuance  
101 and delivery of the bonds authorized under Sections 1 through 16  
102 of this act from the proceeds derived from the sale of such bonds.  
103 The commission shall sell such bonds on sealed bids at public  
104 sale, and for such price as it may determine to be for the best  
105 interest of the State of Mississippi, but no such sale shall be  
106 made at a price less than par plus accrued interest to the date of  
107 delivery of the bonds to the purchaser. All interest accruing on  
108 such bonds so issued shall be payable semiannually or annually;  
109 however, the first interest payment may be for any period of not  
110 more than one (1) year.

111 Notice of the sale of any such bonds shall be published at  
112 least one time, not less than ten (10) days before the date of  
113 sale, and shall be so published in one or more newspapers  
114 published or having a general circulation in the City of Jackson,  
115 Mississippi, and in one or more other newspapers or financial  
116 journals with a national circulation, to be selected by the  
117 commission.

118 The commission, when issuing any bonds under the authority of  
119 Sections 1 through 16 of this act, may provide that bonds, at the  
120 option of the State of Mississippi, may be called in for payment  
121 and redemption at the call price named therein and accrued  
122 interest on such date or dates named therein.

123 **SECTION 7.** The bonds issued under the provisions of Sections  
124 1 through 16 of this act are general obligations of the State of  
125 Mississippi, and for the payment thereof the full faith and credit  
126 of the State of Mississippi is irrevocably pledged. If the funds  
127 appropriated by the Legislature are insufficient to pay the  
128 principal of and the interest on such bonds as they become due,  
129 then the deficiency shall be paid by the State Treasurer from any  
130 funds in the State Treasury not otherwise appropriated. All such



131 bonds shall contain recitals on their faces substantially covering  
132 the provisions of this section.

133         **SECTION 8.** Upon the issuance and sale of bonds under the  
134 provisions of Sections 1 through 16 of this act, the commission  
135 shall transfer the proceeds of any such sale or sales to the  
136 Mississippi Land, Water and Timber Resources Fund created in  
137 Section 69-46-7, Mississippi Code of 1972.

138         **SECTION 9.** The bonds authorized under Sections 1 through 16  
139 of this act may be issued without any other proceedings or the  
140 happening of any other conditions or things other than those  
141 proceedings, conditions and things which are specified or required  
142 by Sections 1 through 16 of this act. Any resolution providing  
143 for the issuance of bonds under the provisions of Sections 1  
144 through 16 of this act shall become effective immediately upon its  
145 adoption by the commission, and any such resolution may be adopted  
146 at any regular or special meeting of the commission by a majority  
147 of its members.

148         **SECTION 10.** The bonds authorized under the authority of  
149 Sections 1 through 16 of this act may be validated in the Chancery  
150 Court of the First Judicial District of Hinds County, Mississippi,  
151 in the manner and with the force and effect provided by Chapter  
152 13, Title 31, Mississippi Code of 1972, for the validation of  
153 county, municipal, school district and other bonds. The notice to  
154 taxpayers required by such statutes shall be published in a  
155 newspaper published or having a general circulation in the City of  
156 Jackson, Mississippi.

157         **SECTION 11.** Any holder of bonds issued under the provisions  
158 of Sections 1 through 16 of this act or of any of the interest  
159 coupons pertaining thereto may, either at law or in equity, by  
160 suit, action, mandamus or other proceeding, protect and enforce  
161 any and all rights granted under Sections 1 through 16 of this  
162 act, or under such resolution, and may enforce and compel  
163 performance of all duties required by Sections 1 through 16 of



164 this act to be performed, in order to provide for the payment of  
165 bonds and interest thereon.

166         **SECTION 12.** All bonds issued under the provisions of  
167 Sections 1 through 16 of this act shall be legal investments for  
168 trustees and other fiduciaries, and for savings banks, trust  
169 companies and insurance companies organized under the laws of the  
170 State of Mississippi, and such bonds shall be legal securities  
171 which may be deposited with and shall be received by all public  
172 officers and bodies of this state and all municipalities and  
173 political subdivisions for the purpose of securing the deposit of  
174 public funds.

175         **SECTION 13.** Bonds issued under the provisions of Sections 1  
176 through 16 of this act and income therefrom shall be exempt from  
177 all taxation in the State of Mississippi.

178         **SECTION 14.** The proceeds of the bonds issued under Sections  
179 1 through 16 of this act shall be used solely for the purposes  
180 herein provided, including the costs incident to the issuance and  
181 sale of such bonds.

182         **SECTION 15.** The State Treasurer is authorized, without  
183 further process of law, to certify to the Department of Finance  
184 and Administration the necessity for warrants, and the Department  
185 of Finance and Administration is authorized and directed to issue  
186 such warrants, in such amounts as may be necessary to pay when due  
187 the principal of, premium, if any, and interest on, or the  
188 accreted value of, all bonds issued under Sections 1 through 16 of  
189 this act; and the State Treasurer shall forward the necessary  
190 amount to the designated place or places of payment of such bonds  
191 in ample time to discharge such bonds, or the interest thereon, on  
192 the due dates thereof.

193         **SECTION 16.** Sections 1 through 16 of this act shall be  
194 deemed to be full and complete authority for the exercise of the  
195 powers herein granted, but Sections 1 through 16 of this act shall



196 not be deemed to repeal or to be in derogation of any existing law  
197 of this state.

198       **SECTION 17.** Section 69-46-7, Mississippi Code of 1972, is  
199 amended as follows:

200       69-46-7. (1) (a) The Mississippi Land, Water and Timber  
201 Resources Board may accept and expend funds appropriated or  
202 otherwise made available by the Legislature and funds from any  
203 other source in order to carry out the provisions of the  
204 Mississippi Land, Water and Timber Resources Act. Such funds  
205 shall be deposited into a special fund hereby established in the  
206 State Treasury, to be known as the "Mississippi Land, Water and  
207 Timber Resources Fund." Unexpended amounts derived from bond  
208 proceeds or private funds, or both, remaining in the fund at the  
209 end of a fiscal year shall not lapse into the State General Fund,  
210 and any investment earnings or interest earned on such amounts in  
211 the fund shall be deposited to the credit of the fund. All other  
212 unexpended amounts remaining in the fund at the end of a fiscal  
213 year shall lapse into the State General Fund. \* \* \* The board may  
214 provide to the Mississippi Department of Agriculture and Commerce  
215 not more than Two Hundred Fifty Thousand Dollars (\$250,000.00), in  
216 the aggregate, of monies in the fund, that are derived from  
217 proceeds of bonds issued under Sections 1 through 16 of Laws,  
218 2001, Chapter 538, and/or Sections 1 through 16 of Laws, 2002,  
219 Chapter 542, for the purpose of providing additional funds to  
220 defray costs incurred by the department in assisting the board in  
221 carrying out the provisions of the Mississippi Land, Water and  
222 Timber Resources Act. However, the Mississippi Department of  
223 Agriculture and Commerce may not use any portion of such funds for  
224 the purpose of hiring any person as an employee as defined in  
225 Section 25-3-91(c). The Mississippi Department of Agriculture may  
226 escalate its budget and expend such funds, when provided by the  
227 board, in accordance with rules and regulations of the Department  
228 of Finance and Administration in a manner consistent with the



229 escalation of federal funds. The board may provide to the  
230 Mississippi Development Authority not more than Two Hundred Fifty  
231 Thousand Dollars (\$250,000.00), in the aggregate, of monies in the  
232 fund that are derived from proceeds of bonds issued under Sections  
233 1 through 16 of Laws, 2001, Chapter 538, and/or Sections 1 through  
234 16 of Laws, 2002, Chapter 542, for the purpose of providing  
235 additional funds to defray costs incurred by the Mississippi  
236 Development Authority in assisting the board in carrying out the  
237 provisions of the Mississippi Land, Water and Timber Resources  
238 Act. However, the Mississippi Development Authority may not use  
239 any portion of such funds for the purpose of hiring any person as  
240 an employee as defined in Section 25-3-91(c). The Mississippi  
241 Development Authority may escalate its budget and expend such  
242 funds, when provided by the board, in accordance with rules and  
243 regulations of the Department of Finance and Administration in a  
244 manner consistent with the escalation of federal funds.

245 (b) (i) The Mississippi Land, Water and Timber  
246 Resources Board may provide to the Mississippi Department of  
247 Agriculture and Commerce not more than One Hundred Twenty-five  
248 Thousand Dollars (\$125,000.00), in the aggregate, of monies in the  
249 fund, that are derived from proceeds of bonds issued under  
250 Sections 1 through 16 of House Bill No. 1596, 2003 Regular  
251 Session, for the purpose of providing additional funds to defray  
252 costs incurred by the department in assisting the board in  
253 carrying out the provisions of the Mississippi Land, Water and  
254 Timber Resources Act. However, the Mississippi Department of  
255 Agriculture and Commerce may not use any portion of such funds for  
256 the purpose of hiring any person as an employee as defined in  
257 Section 25-3-91(c). The Mississippi Department of Agriculture and  
258 Commerce may escalate its budget and expend such funds, when  
259 provided by the board, in accordance with rules and regulations of  
260 the Department of Finance and Administration in a manner  
261 consistent with the escalation of federal funds.





262                   (ii) The Mississippi Land, Water and Timber  
263 Resources Board may provide to the Mississippi Development  
264 Authority not more than One Hundred Twenty-five Thousand Dollars  
265 (\$125,000.00), in the aggregate, of monies in the fund, that are  
266 derived from proceeds of bonds issued under Sections 1 through 16  
267 of House Bill No. 1596, 2003 Regular Session, for the purpose of  
268 providing additional funds to defray costs incurred by the  
269 Mississippi Development Authority in assisting the board in  
270 carrying out the provisions of the Mississippi Land, Water and  
271 Timber Resources Act. However, the Mississippi Development  
272 Authority may not use any portion of such funds for the purpose of  
273 hiring any person as an employee as defined in Section 25-3-91(c).  
274 The Mississippi Development Authority may escalate its budget and  
275 expend such funds, when provided by the board, in accordance with  
276 rules and regulations of the Department of Finance and  
277 Administration in a manner consistent with the escalation of  
278 federal funds.

279                   (iii) The Mississippi Land, Water and Timber  
280 Resources Board may provide to the Department of Audit not more  
281 than Fifty Thousand Dollars (\$50,000.00), in the aggregate, of  
282 monies in the fund, that are derived from proceeds of bonds issued  
283 under Sections 1 through 16 of House Bill No. 1596, 2003 Regular  
284 Session, for the purpose of providing additional funds to defray  
285 costs incurred by the department in assisting the board in  
286 carrying out the provisions of the Mississippi Land, Water and  
287 Timber Resources Act. However, the Department of Audit may not  
288 use any portion of such funds for the purpose of hiring any person  
289 as an employee as defined in Section 25-3-91(c). The Department  
290 of Audit may escalate its budget and expend such funds, when  
291 provided by the board, in accordance with rules and regulations of  
292 the Department of Finance and Administration in a manner  
293 consistent with the escalation of federal funds.



294       (2) The Mississippi Land, Water and Timber Resources Board  
295 shall set aside One Million Dollars (\$1,000,000.00) of the monies  
296 in the Mississippi Land, Water and Timber Resources Fund, that are  
297 derived from proceeds of bonds issued under Sections 1 through 16  
298 of House Bill No. 1596, 2003 Regular Session, for the purpose of  
299 providing funds to the Mississippi Department of Agriculture and  
300 Commerce for use in making payments to ethanol producers under  
301 Section 69-51-5 during the State Fiscal Year beginning July 1,  
302 2003, and ending June 30, 2004. Any monies set aside which are  
303 not used for such purposes during the fiscal year shall no longer  
304 be set aside for such purposes after the end of the fiscal year.  
305 In addition, if the Commissioner of Agriculture and Commerce  
306 determines during such fiscal year that no ethanol producer will  
307 be eligible for such payments during the fiscal year, the  
308 commissioner shall inform the board of his determination and the  
309 monies set aside shall no longer be set aside for such purposes.  
310 The Mississippi Department of Agriculture and Commerce may  
311 escalate its budget and expend funds, when provided by the board  
312 under this subsection (2), in accordance with rules and  
313 regulations of the Department of Finance and Administration in a  
314 manner consistent with the escalation of federal funds.

315       (3) In anticipation of the issuance of bonds authorized for  
316 the purpose of providing funds for the Mississippi Land, Water and  
317 Timber Resources Fund, the State Bond Commission is authorized to  
318 negotiate and enter into any purchase, loan, credit or other  
319 agreement with any bank, trust company or other lending  
320 institution or to issue and sell interim notes for the purpose of  
321 carrying out the provisions of the Mississippi Land, Water and  
322 Timber Resources Act. All borrowings made under this subsection  
323 (3) shall be evidenced by notes of the State of Mississippi, which  
324 shall be issued from time to time, for such amounts, in such form  
325 and in such denomination and subject to such terms and conditions  
326 of sale and issuance, prepayment or redemption and maturity, rate



327 or rates of interest not to exceed the maximum rate authorized for  
328 bonds in Section 75-17-101, and time of payment of interest as the  
329 State Bond Commission shall agree to in such agreement. Such  
330 notes shall constitute general obligations of the State of  
331 Mississippi, and shall be backed by the full faith and credit of  
332 the state. Such notes may also be issued for the purpose of  
333 refunding previously issued notes. No note shall mature more than  
334 three (3) years following the date of its issuance. The State  
335 Bond Commission is authorized to provide for the compensation of  
336 any purchaser of the notes by payment of a fixed fee or commission  
337 and for all other costs and expenses of issuance and service,  
338 including paying agent costs. Such costs and expenses may be paid  
339 from the proceeds of the notes. Borrowings made under the  
340 provisions of this subsection (3) shall not exceed the aggregate  
341 sum of Five Million Dollars (\$5,000,000.00) outstanding at any one  
342 time.

343       **SECTION 18.** This act shall take effect and be in force from  
344 and after its passage.

