

By: Senator(s) Minor

To: Finance

COMMITTEE SUBSTITUTE
FOR
SENATE BILL NO. 2322

1 AN ACT TO AMEND SECTION 29-1-1, MISSISSIPPI CODE OF 1972, TO
2 EXEMPT CERTAIN PURCHASES OF LAND UNDER THE MISSISSIPPI MAJOR
3 ECONOMIC IMPACT ACT FROM THE PROVISIONS THAT THE TITLE OF ALL LAND
4 HELD BY A STATE AGENCY SHALL APPEAR UNDER THE NAME OF THE STATE,
5 THAT GIVES THE SECRETARY OF STATE CERTAIN POWERS AND DUTIES WITH
6 REGARD TO THE SALE AND PURCHASE OF LAND BY A STATE AGENCY AND THAT
7 REQUIRE CERTAIN NOTICE TO BE GIVEN PRIOR TO THE PURCHASE OR SALE
8 OF LAND BY A STATE AGENCY; TO AMEND SECTION 57-75-15, MISSISSIPPI
9 CODE OF 1972, TO PROVIDE THAT THE MATURITY DATE FOR BOND
10 ANTICIPATORY NOTES ISSUED UNDER THE MISSISSIPPI MAJOR ECONOMIC
11 IMPACT ACT MAY NOT EXCEED THREE YEARS FOLLOWING THE DATE OF ITS
12 ISSUANCE; AND FOR RELATED PURPOSES.

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

14 **SECTION 1.** Section 29-1-1, Mississippi Code of 1972, is
15 amended as follows:

16 29-1-1. (1) Except as otherwise provided in subsections
17 (7), * * * (8) and (9) of this section, the title to all lands
18 held by any agency of the State of Mississippi which were acquired
19 solely by the use of funds appropriated by the state shall appear
20 on all deeds and land records under the name of the "State of
21 Mississippi." For the purpose of this section, the term "agency"
22 shall be defined as set forth in Section 31-7-1(a). The
23 provisions of this section shall not affect the authority of any
24 agency to use any land held by the agency. No assets or property
25 of the Public Employees' Retirement System of Mississippi shall be
26 transferred in violation of Section 272A of the Mississippi
27 Constitution of 1890. Before September 1, 1993, each state agency
28 shall inventory any state-held lands which were acquired solely by
29 the use of funds appropriated by the state, and which are titled
30 in the name of the agency. The agency shall execute quitclaim
31 deeds and any other necessary documents to transfer the name and
32 title of the property to the State of Mississippi.



33 (2) The Secretary of State, under the general direction of
34 the Governor and as authorized by law, shall sell and convey the
35 public lands in the manner and on the terms provided herein for
36 the several classes thereof; he shall perform all the
37 administrative and executive duties appertaining to the selection,
38 location, surveying, platting, listing, and registering these
39 lands or otherwise concerning them; and he shall investigate the
40 status of the various "percent" funds accrued and accruing to the
41 state from the sale of lands by the United States, and shall
42 collect and pay the funds into the treasury in the manner provided
43 by law.

44 (3) In accordance with Sections 7-11-11 and 7-11-13, the
45 Secretary of State shall be required to sign all conveyances of
46 all state-held land. For purposes of this section, the term
47 "conveyance" shall mean any sale or purchase of land by the State
48 of Mississippi for use by any agency, board or commission thereof.
49 Failure to obtain legislative approval pursuant to subsection (4)
50 of this section and the signature of the Secretary of State on any
51 conveyance regarding the sale or purchase of lands for the state
52 including any agency, board or commission thereof, shall render
53 the attempted sale or purchase of the lands void. Nothing in this
54 section shall be construed to authorize any state agency, board,
55 commission or public official to convey any state-held land unless
56 this authority is otherwise granted by law. The Secretary of
57 State shall not withhold arbitrarily his signature from any
58 purchase or sale authorized by the Mississippi State Legislature.
59 All sales of state-held lands, except those lands forfeited to the
60 state for the nonpayment of taxes and those lands acquired by the
61 Mississippi Transportation Commission under Section 65-1-123,
62 shall be sold for not less than the fair market value as
63 determined by two (2) professional appraisers selected by the
64 State Department of Finance and Administration, who are certified
65 general appraisers of the State of Mississippi. The proceeds from



66 any sale by an agency, board, commission or public official of
67 state-held lands shall be deposited into the State General Fund
68 unless otherwise provided by law.

69 (4) Before any state-held land is sold to any individual or
70 private entity, thirty (30) days' advance notice of the intended
71 sale shall be provided by the Secretary of State to the State
72 Legislature, to all state agencies and to all governing
73 authorities within the state for the purpose of ascertaining
74 whether an agency or governing authority has a need for the land
75 and for the purpose of ascertaining whether the sale of the land
76 was authorized by law. If no agency or governing authority within
77 the state expresses in writing to the Secretary of State by the
78 end of the thirty-day period a desire to use the land, then the
79 Secretary of State, with the prior approval of the Mississippi
80 Legislature to sell the state-held land, may offer the land for
81 sale to any individual or private entity.

82 (5) A cultural resources survey may be performed on any
83 state-held land before the disposition of the land if the State
84 Department of Archives and History deems this survey necessary.
85 The cost of the survey and any archaeological studies deemed
86 necessary by the State Department of Archives and History shall be
87 paid by the selling agency and recouped from the proceeds of the
88 sale.

89 (6) Before any land may be purchased by the state for the
90 benefit of any state agency, the Secretary of State, or his
91 designee, shall search and examine all state land records to
92 determine whether the state owns any land that may fit the
93 particular need of the agency. The Secretary of State, or his
94 designee, shall notify the agency if it is determined that any
95 state-held land is available for use by the agency. The agency
96 shall determine if such land accommodates its needs and shall
97 determine whether to make an official request to the proper
98 authorities to have the use of the land.



99 (7) Any lands purchased or acquired for construction and
100 maintenance of highways or highway rights-of-way by the
101 Mississippi Department of Transportation shall be excluded from
102 the provisions of this section.

103 (8) This section shall not apply to any agency of the State
104 of Mississippi that holds title to lands purchased solely by the
105 use of federal funds or whose authority to transfer or dispose of
106 these lands is governed by federal law or federal regulations.

107 (9) Any lands purchased by the Mississippi Major Economic
108 Impact Authority for a "project" as defined in Section 57-75-5
109 shall be excluded from the provisions of this section.

110 (10) The Secretary of State may recover from any agency,
111 corporation, board, commission, entity or individual any cost that
112 is incurred by his office for the record-keeping responsibilities
113 regarding the sale or purchase of any state-held lands.

114 (11) Subsections (3), (4), (5) and (6) of this section shall
115 not apply to sales or purchases of land when the Legislature
116 expressly authorizes or directs a state agency to sell, purchase
117 or lease-purchase a specifically described property. However,
118 when the Legislature authorizes a state agency to sell or
119 otherwise convey specifically described real property to another
120 state agency or other entity such as a county, municipality,
121 economic development district created under Section 19-5-99 or
122 similar entity, without providing that the conveyance may not be
123 made for less than the fair market value of the property, then the
124 state agency authorized to convey such property must make the
125 following determinations before conveying the property:

126 (a) That the state agency or other entity to which the
127 proposed conveyance is to be made has an immediate need for the
128 property;

129 (b) That there are quantifiable benefits that will
130 inure to the state agency or other entity to which the proposed



131 conveyance is to be made which outweigh any quantifiable costs to
132 the state agency authorized to make the conveyance; and

133 (c) That the state agency or other entity to which the
134 proposed conveyance is to be made lacks available funds to pay
135 fair market value for the property. If the state agency
136 authorized to convey such property fails to make such
137 determinations, then it shall not convey the property for less
138 than the fair market value of the property.

139 **SECTION 2.** Section 57-75-15, Mississippi Code of 1972, is
140 amended as follows:

141 57-75-15. (1) Upon notification to the authority by the
142 enterprise that the state has been finally selected as the site
143 for the project, the State Bond Commission shall have the power
144 and is hereby authorized and directed, upon receipt of a
145 declaration from the authority as hereinafter provided, to borrow
146 money and issue general obligation bonds of the state in one or
147 more series for the purposes herein set out. Upon such
148 notification, the authority may thereafter, from time to time,
149 declare the necessity for the issuance of general obligation bonds
150 as authorized by this section and forward such declaration to the
151 State Bond Commission, provided that before such notification, the
152 authority may enter into agreements with the United States
153 government, private companies and others that will commit the
154 authority to direct the State Bond Commission to issue bonds for
155 eligible undertakings set out in subsection (4) of this section,
156 conditioned on the siting of the project in the state.

157 (2) Upon receipt of any such declaration from the authority,
158 the State Bond Commission shall verify that the state has been
159 selected as the site of the project and shall act as the issuing
160 agent for the series of bonds directed to be issued in such
161 declaration pursuant to authority granted in this section.

162 (3) (a) Bonds issued under the authority of this section
163 for projects as defined in Section 57-75-5(f)(i) shall not exceed



164 an aggregate principal amount in the sum of Sixty-seven Million
165 Three Hundred Fifty Thousand Dollars (\$67,350,000.00).

166 (b) Bonds issued under the authority of this section
167 for projects as defined in Section 57-75-5(f)(ii) shall not exceed
168 Fifty Million Dollars (\$50,000,000.00), nor shall the bonds issued
169 for projects related to any single military installation exceed
170 Sixteen Million Six Hundred Sixty-seven Thousand Dollars
171 (\$16,667,000.00). If any proceeds of bonds issued for projects
172 related to the Meridian Naval Auxiliary Air Station ("NAAS") are
173 used for the development of a water and sewer service system by
174 the City of Meridian, Mississippi, to serve the NAAS and if the
175 City of Meridian annexes any of the territory served by the water
176 and sewer service system, the city shall repay the State of
177 Mississippi the amount of all bond proceeds expended on any
178 portion of the water and sewer service system project; and if
179 there are any monetary proceeds derived from the disposition of
180 any improvements located on real property in Kemper County
181 purchased pursuant to this act for projects related to the NAAS
182 and if there are any monetary proceeds derived from the
183 disposition of any timber located on real property in Kemper
184 County purchased pursuant to this act for projects related to the
185 NAAS, all of such proceeds (both from the disposition of
186 improvements and the disposition of timber) commencing July 1,
187 1996, through June 30, 2010, shall be paid to the Board of
188 Education of Kemper County, Mississippi, for expenditure by such
189 board of education to benefit the public schools of Kemper County.
190 No bonds shall be issued under this paragraph (b) until the State
191 Bond Commission by resolution adopts a finding that the issuance
192 of such bonds will improve, expand or otherwise enhance the
193 military installation, its support areas or military operations,
194 or will provide employment opportunities to replace those lost by
195 closure or reductions in operations at the military installation.
196 From and after July 1, 1997, bonds shall not be issued for any



197 projects, as defined in Section 57-75-5(f)(ii), which are not
198 commenced before July 1, 1997. The proceeds of any bonds issued
199 for projects commenced before July 1, 1997, shall be used for the
200 purposes for which the bonds were issued until completion of the
201 projects.

202 (c) Bonds issued under the authority of this section
203 for projects as defined in Section 57-75-5(f)(iii) shall not
204 exceed Ten Million Dollars (\$10,000,000.00). No bonds shall be
205 issued under this paragraph after December 31, 1996.

206 (d) Bonds issued under the authority of this section
207 for projects defined in Section 57-75-5(f)(iv) shall not exceed
208 Three Hundred Fifty-one Million Dollars (\$351,000,000.00). An
209 additional amount of bonds in an amount not to exceed Twelve
210 Million Five Hundred Thousand Dollars (\$12,500,000.00) may be
211 issued under the authority of this section for the purpose of
212 defraying costs associated with the construction of surface water
213 transmission lines for a project defined in Section 57-75-5(f)(iv)
214 or for any facility related to the project. No bonds shall be
215 issued under this paragraph after June 30, 2005.

216 (e) Bonds issued under the authority of this section
217 for the project defined in Section 57-75-5(f)(v) shall not exceed
218 Twenty Million Three Hundred Seventy Thousand Dollars
219 (\$20,370,000.00). No bonds shall be issued under this paragraph
220 (e) until the State Bond Commission by resolution adopts a finding
221 that the project has secured wire harness contracts or contracts
222 to manufacture thin film polymer lithium-ion rechargeable
223 batteries, or any combination of such contracts, in the aggregate
224 amount of Twenty Million Dollars (\$20,000,000.00), either from the
225 United States government or the private sector. No bonds shall be
226 issued under this paragraph after June 30, 2001.

227 (f) Bonds issued under the authority of this section
228 for projects defined in Section 57-75-5(f)(vii) shall not exceed



229 Twenty-six Million Dollars (\$26,000,000.00). No bonds shall be
230 issued after June 30, 2001.

231 (g) Bonds issued under the authority of this section
232 for projects defined in Section 57-75-5(f)(viii) shall not exceed
233 Five Million Dollars (\$5,000,000.00). No bonds shall be issued
234 under this paragraph after June 30, 2006.

235 (h) Bonds issued under the authority of this section
236 for projects defined in Section 57-75-5(f)(ix) shall not exceed
237 Thirty-one Million Five Hundred Thousand Dollars (\$31,500,000.00).
238 No bonds shall be issued under this paragraph after December 31,
239 2005.

240 (4) (a) The proceeds from the sale of the bonds issued
241 under this section may be applied for the purposes of: (i)
242 defraying all or any designated portion of the costs incurred with
243 respect to acquisition, planning, design, construction,
244 installation, rehabilitation, improvement, relocation and with
245 respect to state-owned property, operation and maintenance of the
246 project and any facility related to the project located within the
247 project area, including costs of design and engineering, all costs
248 incurred to provide land, easements and rights-of-way, relocation
249 costs with respect to the project and with respect to any facility
250 related to the project located within the project area, and costs
251 associated with mitigation of environmental impacts and
252 environmental impact studies; (ii) defraying the cost of providing
253 for the recruitment, screening, selection, training or retraining
254 of employees, candidates for employment or replacement employees
255 of the project and any related activity; (iii) reimbursing the
256 Mississippi Development Authority for expenses it incurred in
257 regard to projects defined in Section 57-75-5(f)(iv) prior to
258 November 6, 2000. The Mississippi Development Authority shall
259 submit an itemized list of expenses it incurred in regard to such
260 projects to the Chairmen of the Finance and Appropriations
261 Committees of the Senate and the Chairmen of the Ways and Means



262 and Appropriations Committees of the House of Representatives;
263 (iv) providing grants to enterprises operating projects defined in
264 Section 57-75-5(f)(iv)1; (v) paying any warranty made by the
265 authority regarding site work for a project defined in Section
266 57-75-5(f)(iv)1; (vi) defraying the cost of marketing and
267 promotion of a project as defined in Section 57-75-5(f)(iv)1. The
268 authority shall submit an itemized list of costs incurred for
269 marketing and promotion of such project to the Chairmen of the
270 Finance and Appropriations Committees of the Senate and the
271 Chairmen of the Ways and Means and Appropriations Committees of
272 the House of Representatives; (vii) providing for the payment of
273 interest on the bonds; (viii) providing debt service reserves;
274 (ix) paying underwriters' discount, original issue discount,
275 accountants' fees, engineers' fees, attorneys' fees, rating agency
276 fees and other fees and expenses in connection with the issuance
277 of the bonds; and (x) for purposes authorized in paragraphs (b)
278 and (c) of this subsection (4). Such bonds shall be issued from
279 time to time and in such principal amounts as shall be designated
280 by the authority, not to exceed in aggregate principal amounts the
281 amount authorized in subsection (3) of this section. Proceeds
282 from the sale of the bonds issued under this section may be
283 invested, subject to federal limitations, pending their use, in
284 such securities as may be specified in the resolution authorizing
285 the issuance of the bonds or the trust indenture securing them,
286 and the earning on such investment applied as provided in such
287 resolution or trust indenture.

288 (b) The proceeds of bonds issued after June 21, 2002,
289 under this section for projects described in Section
290 57-75-5(f)(iv) may be used to reimburse reasonable, actual and
291 necessary costs incurred by the Mississippi Development Authority
292 in providing assistance related to a project for which funding is
293 provided from the use of proceeds of such bonds. The Mississippi
294 Development Authority shall maintain an accounting of actual costs



295 incurred for each project for which reimbursements are sought.
296 Reimbursements under this paragraph (b) shall not exceed Three
297 Hundred Thousand Dollars (\$300,000.00) in the aggregate.
298 Reimbursements under this paragraph (b) shall satisfy any
299 applicable federal tax law requirements.

300 (c) The proceeds of bonds issued after June 21, 2002,
301 under this section for projects described in Section
302 57-75-5(f)(iv) may be used to reimburse reasonable, actual and
303 necessary costs incurred by the Department of Audit in providing
304 services related to a project for which funding is provided from
305 the use of proceeds of such bonds. The Department of Audit shall
306 maintain an accounting of actual costs incurred for each project
307 for which reimbursements are sought. The Department of Audit may
308 escalate its budget and expend such funds in accordance with rules
309 and regulations of the Department of Finance and Administration in
310 a manner consistent with the escalation of federal funds.
311 Reimbursements under this paragraph (c) shall not exceed One
312 Hundred Thousand Dollars (\$100,000.00) in the aggregate.
313 Reimbursements under this paragraph (c) shall satisfy any
314 applicable federal tax law requirements.

315 (5) The principal of and the interest on the bonds shall be
316 payable in the manner hereinafter set forth. The bonds shall bear
317 date or dates; be in such denomination or denominations; bear
318 interest at such rate or rates; be payable at such place or places
319 within or without the state; mature absolutely at such time or
320 times; be redeemable before maturity at such time or times and
321 upon such terms, with or without premium; bear such registration
322 privileges; and be substantially in such form; all as shall be
323 determined by resolution of the State Bond Commission except that
324 such bonds shall mature or otherwise be retired in annual
325 installments beginning not more than five (5) years from the date
326 thereof and extending not more than twenty-five (25) years from
327 the date thereof. The bonds shall be signed by the Chairman of



328 the State Bond Commission, or by his facsimile signature, and the
329 official seal of the State Bond Commission shall be imprinted on
330 or affixed thereto, attested by the manual or facsimile signature
331 of the Secretary of the State Bond Commission. Whenever any such
332 bonds have been signed by the officials herein designated to sign
333 the bonds, who were in office at the time of such signing but who
334 may have ceased to be such officers before the sale and delivery
335 of such bonds, or who may not have been in office on the date such
336 bonds may bear, the signatures of such officers upon such bonds
337 shall nevertheless be valid and sufficient for all purposes and
338 have the same effect as if the person so officially signing such
339 bonds had remained in office until the delivery of the same to the
340 purchaser, or had been in office on the date such bonds may bear.

341 (6) All bonds issued under the provisions of this section
342 shall be and are hereby declared to have all the qualities and
343 incidents of negotiable instruments under the provisions of the
344 Uniform Commercial Code and in exercising the powers granted by
345 this chapter, the State Bond Commission shall not be required to
346 and need not comply with the provisions of the Uniform Commercial
347 Code.

348 (7) The State Bond Commission shall sell the bonds on sealed
349 bids at public sale, and for such price as it may determine to be
350 for the best interest of the State of Mississippi, but no such
351 sale shall be made at a price less than par plus accrued interest
352 to date of delivery of the bonds to the purchaser. The bonds
353 shall bear interest at such rate or rates not exceeding the limits
354 set forth in Section 75-17-101 as shall be fixed by the State Bond
355 Commission. All interest accruing on such bonds so issued shall
356 be payable semiannually or annually; provided that the first
357 interest payment may be for any period of not more than one (1)
358 year.

359 Notice of the sale of any bonds shall be published at least
360 one time, the first of which shall be made not less than ten (10)



361 days prior to the date of sale, and shall be so published in one
362 or more newspapers having a general circulation in the City of
363 Jackson and in one or more other newspapers or financial journals
364 with a large national circulation, to be selected by the State
365 Bond Commission.

366 The State Bond Commission, when issuing any bonds under the
367 authority of this section, may provide that the bonds, at the
368 option of the state, may be called in for payment and redemption
369 at the call price named therein and accrued interest on such date
370 or dates named therein.

371 (8) State bonds issued under the provisions of this section
372 shall be the general obligations of the state and backed by the
373 full faith and credit of the state. The Legislature shall
374 appropriate annually an amount sufficient to pay the principal of
375 and the interest on such bonds as they become due. All bonds
376 shall contain recitals on their faces substantially covering the
377 foregoing provisions of this section.

378 (9) The State Treasurer is authorized to certify to the
379 Department of Finance and Administration the necessity for
380 warrants, and the Department of Finance and Administration is
381 authorized and directed to issue such warrants payable out of any
382 funds appropriated by the Legislature under this section for such
383 purpose, in such amounts as may be necessary to pay when due the
384 principal of and interest on all bonds issued under the provisions
385 of this section. The State Treasurer shall forward the necessary
386 amount to the designated place or places of payment of such bonds
387 in ample time to discharge such bonds, or the interest thereon, on
388 the due dates thereof.

389 (10) The bonds may be issued without any other proceedings
390 or the happening of any other conditions or things other than
391 those proceedings, conditions and things which are specified or
392 required by this chapter. Any resolution providing for the
393 issuance of general obligation bonds under the provisions of this



394 section shall become effective immediately upon its adoption by
395 the State Bond Commission, and any such resolution may be adopted
396 at any regular or special meeting of the State Bond Commission by
397 a majority of its members.

398 (11) In anticipation of the issuance of bonds hereunder, the
399 State Bond Commission is authorized to negotiate and enter into
400 any purchase, loan, credit or other agreement with any bank, trust
401 company or other lending institution or to issue and sell interim
402 notes for the purpose of making any payments authorized under this
403 section. All borrowings made under this provision shall be
404 evidenced by notes of the state which shall be issued from time to
405 time, for such amounts not exceeding the amount of bonds
406 authorized herein, in such form and in such denomination and
407 subject to such terms and conditions of sale and issuance,
408 prepayment or redemption and maturity, rate or rates of interest
409 not to exceed the maximum rate authorized herein for bonds, and
410 time of payment of interest as the State Bond Commission shall
411 agree to in such agreement. Such notes shall constitute general
412 obligations of the state and shall be backed by the full faith and
413 credit of the state. Such notes may also be issued for the
414 purpose of refunding previously issued notes. * * * No note shall
415 mature more than three (3) years following the date of its
416 issuance * * *. The State Bond Commission is authorized to
417 provide for the compensation of any purchaser of the notes by
418 payment of a fixed fee or commission and for all other costs and
419 expenses of issuance and service, including paying agent costs.
420 Such costs and expenses may be paid from the proceeds of the
421 notes.

422 (12) The bonds and interim notes authorized under the
423 authority of this section may be validated in the First Judicial
424 District of the Chancery Court of Hinds County, Mississippi, in
425 the manner and with the force and effect provided now or hereafter
426 by Chapter 13, Title 31, Mississippi Code of 1972, for the



427 validation of county, municipal, school district and other bonds.
428 The necessary papers for such validation proceedings shall be
429 transmitted to the State Bond Attorney, and the required notice
430 shall be published in a newspaper published in the City of
431 Jackson, Mississippi.

432 (13) Any bonds or interim notes issued under the provisions
433 of this chapter, a transaction relating to the sale or securing of
434 such bonds or interim notes, their transfer and the income
435 therefrom shall at all times be free from taxation by the state or
436 any local unit or political subdivision or other instrumentality
437 of the state, excepting inheritance and gift taxes.

438 (14) All bonds issued under this chapter shall be legal
439 investments for trustees, other fiduciaries, savings banks, trust
440 companies and insurance companies organized under the laws of the
441 State of Mississippi; and such bonds shall be legal securities
442 which may be deposited with and shall be received by all public
443 officers and bodies of the state and all municipalities and other
444 political subdivisions thereof for the purpose of securing the
445 deposit of public funds.

446 (15) The Attorney General of the State of Mississippi shall
447 represent the State Bond Commission in issuing, selling and
448 validating bonds herein provided for, and the Bond Commission is
449 hereby authorized and empowered to expend from the proceeds
450 derived from the sale of the bonds authorized hereunder all
451 necessary administrative, legal and other expenses incidental and
452 related to the issuance of bonds authorized under this chapter.

453 (16) There is hereby created a special fund in the State
454 Treasury to be known as the Mississippi Major Economic Impact
455 Authority Fund wherein shall be deposited the proceeds of the
456 bonds issued under this chapter and all monies received by the
457 authority to carry out the purposes of this chapter. Expenditures
458 authorized herein shall be paid by the State Treasurer upon
459 warrants drawn from the fund, and the Department of Finance and



460 Administration shall issue warrants upon requisitions signed by
461 the director of the authority.

462 (17) (a) There is hereby created the Mississippi Economic
463 Impact Authority Sinking Fund from which the principal of and
464 interest on such bonds shall be paid by appropriation. All monies
465 paid into the sinking fund not appropriated to pay accruing bonds
466 and interest shall be invested by the State Treasurer in such
467 securities as are provided by law for the investment of the
468 sinking funds of the state.

469 (b) In the event that all or any part of the bonds and
470 notes are purchased, they shall be canceled and returned to the
471 loan and transfer agent as canceled and paid bonds and notes and
472 thereafter all payments of interest thereon shall cease and the
473 canceled bonds, notes and coupons, together with any other
474 canceled bonds, notes and coupons, shall be destroyed as promptly
475 as possible after cancellation but not later than two (2) years
476 after cancellation. A certificate evidencing the destruction of
477 the canceled bonds, notes and coupons shall be provided by the
478 loan and transfer agent to the seller.

479 (c) The State Treasurer shall determine and report to
480 the Department of Finance and Administration and Legislative
481 Budget Office by September 1 of each year the amount of money
482 necessary for the payment of the principal of and interest on
483 outstanding obligations for the following fiscal year and the
484 times and amounts of the payments. It shall be the duty of the
485 Governor to include in every executive budget submitted to the
486 Legislature full information relating to the issuance of bonds and
487 notes under the provisions of this chapter and the status of the
488 sinking fund for the payment of the principal of and interest on
489 the bonds and notes.

490 **SECTION 3.** This act shall take effect and be in force from
491 and after July 1, 2003.

