

By: Senator(s) Harden

To: Education

SENATE BILL NO. 2621

1 AN ACT TO AMEND SECTION 29-3-113, MISSISSIPPI CODE OF 1972,
2 TO DEFINE THE ALLOWABLE INVESTMENTS OF THE SIXTEENTH SECTION
3 SCHOOL LAND PRINCIPAL FUND WHICH MAY BE MADE BY LOCAL SCHOOL
4 BOARDS, AND TO AUTHORIZE COMMON INVESTMENTS OF THE PRINCIPAL FUND
5 BY ONE OR MORE SCHOOL BOARDS; 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 likewise authorized to invest,
40 individually or in concert with other school districts, said funds
41 in interest bearing deposits or other obligations of the types
42 described in Section 27-105-33, as the same now is or may
43 hereafter be amended, or in any other type investment in which any
44 political subdivision of the State of Mississippi may invest,
45 including, but not limited to as permitted by Sections 19-9-29,
46 21-33-323 and 27-105-365, as amended, except that one hundred
47 percent (100%) of said funds are hereby authorized to be so
48 invested. For the purposes of investment, the principal fund of
49 each township may be combined into one or more district accounts
50 or may be invested in a common investment with one or more other
51 districts; however, the docket book of the county superintendent
52 shall at all times reflect the proper source and amount of such
53 funds. Provided that funds received from the sale of timber shall
54 be placed in a separate principal fund account, and may be
55 expended for any of the purposes authorized by law.

56 The board of education shall have authority to borrow such
57 funds at a rate of interest not less than four percent (4%) per
58 annum and for a term not exceeding twenty (20) years, for the
59 erection, equipment or repair of said district schools, to provide
60 local funds for any building project approved by the State Board
61 of Education or to provide additional funds for forest stand



62 improvement as set forth in Section 29-3-47. In addition, the
63 board may borrow such funds under the same interest restrictions
64 for a term not exceeding ten (10) years to provide funds for the
65 purchase of school buses. The board of education of any school
66 district in any county that has an aggregate amount of assets in
67 its principal fund in excess of Five Million Dollars
68 (\$5,000,000.00), may deduct an amount not to exceed Five Hundred
69 Thousand Dollars (\$500,000.00) for the purpose of covering the
70 cost of asbestos removal from school district buildings. Such
71 asbestos removal shall be construed to constitute the repair of
72 school district facilities as prescribed in Section 29-3-115.

73 No school land trust funds may be expended after the annual
74 payment date until the payment is made on such loan. The annual
75 payment can be made from any funds available to the school
76 district except minimum foundation program funds.

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

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

