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To: Finance

SENATE BILL NO. 2990

1 AN ACT TO AUTHORIZE THE ISSUANCE OF \$10,000,000.00 IN STATE
2 GENERAL OBLIGATION BONDS TO PROVIDE FUNDS FOR THE SMALL
3 MUNICIPALITIES AND LIMITED POPULATION COUNTIES FUND; TO AMEND
4 SECTION 57-1-18, MISSISSIPPI CODE OF 1972, TO AUTHORIZE A PORTION
5 OF THE PROCEEDS OF CERTAIN BONDS TO BE UTILIZED BY THE MISSISSIPPI
6 DEVELOPMENT AUTHORITY TO REIMBURSE CERTAIN COSTS RELATED TO
7 ADMINISTRATION OF THE FUND; AND FOR RELATED PURPOSES.

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

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

12 (a) "Accreted value" of any bonds means, as of any date
13 of computation, an amount equal to the sum of (i) the stated
14 initial value of such bond, plus (ii) the interest accrued thereon
15 from the issue date to the date of computation at the rate,
16 compounded semiannually, that is necessary to produce the
17 approximate yield to maturity shown for bonds of the same
18 maturity.

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

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

21 **SECTION 2.** (1) The Mississippi Development Authority, at
22 one time, or from time to time, may declare by resolution the
23 necessity for issuance of general obligation bonds of the State of
24 Mississippi to provide funds for the grant program authorized in
25 Section 57-1-18. Upon the adoption of a resolution by the
26 Mississippi Development Authority, declaring the necessity for the
27 issuance of any part or all of the general obligation bonds
28 authorized by this section, the Mississippi Development Authority
29 shall deliver a certified copy of its resolution or resolutions to



30 the commission. Upon receipt of such resolution, the commission,
31 in its discretion, may act as the issuing agent, prescribe the
32 form of the bonds, advertise for and accept bids, issue and sell
33 the bonds so authorized to be sold and do any and all other things
34 necessary and advisable in connection with the issuance and sale
35 of such bonds. The total amount of bonds issued under Sections 1
36 through 16 of this act shall not exceed Ten Million Dollars
37 (\$10,000,000.00). No bonds authorized under Sections 1 through 16
38 of this act shall be issued after July 1, 2007.

39 (2) The proceeds of bonds issued pursuant to Sections 1
40 through 16 of this act shall be deposited into the Small
41 Municipalities and Limited Population Counties Fund created
42 pursuant to Section 57-1-18. Any investment earnings on bonds
43 issued pursuant to Sections 1 through 16 of this act shall be used
44 to pay debt service on bonds issued under Sections 1 through 16 of
45 this act, in accordance with the proceedings authorizing issuance
46 of such bonds.

47 **SECTION 3.** The principal of and interest on the bonds
48 authorized under Sections 1 through 16 of this act shall be
49 payable in the manner provided in this section. Such bonds shall
50 bear such date or dates, be in such denomination or denominations,
51 bear interest at such rate or rates (not to exceed the limits set
52 forth in Section 75-17-101, Mississippi Code of 1972), be payable
53 at such place or places within or without the State of
54 Mississippi, shall mature absolutely at such time or times not to
55 exceed twenty-five (25) years from date of issue, be redeemable
56 before maturity at such time or times and upon such terms, with or
57 without premium, shall bear such registration privileges, and
58 shall be substantially in such form, all as shall be determined by
59 resolution of the commission.

60 **SECTION 4.** The bonds authorized by Sections 1 through 16 of
61 this act shall be signed by the chairman of the commission, or by
62 his facsimile signature, and the official seal of the commission



63 shall be affixed thereto, attested by the secretary of the
64 commission. The interest coupons, if any, to be attached to such
65 bonds may be executed by the facsimile signatures of such
66 officers. Whenever any such bonds shall have been signed by the
67 officials designated to sign the bonds who were in office at the
68 time of such signing but who may have ceased to be such officers
69 before the sale and delivery of such bonds, or who may not have
70 been in office on the date such bonds may bear, the signatures of
71 such officers upon such bonds and coupons shall nevertheless be
72 valid and sufficient for all purposes and have the same effect as
73 if the person so officially signing such bonds had remained in
74 office until their delivery to the purchaser, or had been in
75 office on the date such bonds may bear. However, notwithstanding
76 anything herein to the contrary, such bonds may be issued as
77 provided in the Registered Bond Act of the State of Mississippi.

78 **SECTION 5.** All bonds and interest coupons issued under the
79 provisions of Sections 1 through 16 of this act have all the
80 qualities and incidents of negotiable instruments under the
81 provisions of the Uniform Commercial Code, and in exercising the
82 powers granted by Sections 1 through 16 of this act, the
83 commission shall not be required to and need not comply with the
84 provisions of the Uniform Commercial Code.

85 **SECTION 6.** The commission shall act as the issuing agent for
86 the bonds authorized under Sections 1 through 16 of this act,
87 prescribe the form of the bonds, advertise for and accept bids,
88 issue and sell the bonds so authorized to be sold, pay all fees
89 and costs incurred in such issuance and sale, and do any and all
90 other things necessary and advisable in connection with the
91 issuance and sale of such bonds. The commission is authorized and
92 empowered to pay the costs that are incident to the sale, issuance
93 and delivery of the bonds authorized under Sections 1 through 16
94 of this act from the proceeds derived from the sale of such bonds.
95 The commission shall sell such bonds on sealed bids at public



96 sale, and for such price as it may determine to be for the best
97 interest of the State of Mississippi, but no such sale shall be
98 made at a price less than par plus accrued interest to the date of
99 delivery of the bonds to the purchaser. All interest accruing on
100 such bonds so issued shall be payable semiannually or annually;
101 however, the first interest payment may be for any period of not
102 more than one (1) year.

103 Notice of the sale of any such bonds shall be published at
104 least one time, not less than ten (10) days before the date of
105 sale, and shall be so published in one or more newspapers
106 published or having a general circulation in the City of Jackson,
107 Mississippi, and in one or more other newspapers or financial
108 journals with a national circulation, to be selected by the
109 commission.

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

115 **SECTION 7.** The bonds issued under the provisions of Sections
116 1 through 16 of this act are general obligations of the State of
117 Mississippi, and for the payment thereof the full faith and credit
118 of the State of Mississippi is irrevocably pledged. If the funds
119 appropriated by the Legislature are insufficient to pay the
120 principal of and the interest on such bonds as they become due,
121 then the deficiency shall be paid by the State Treasurer from any
122 funds in the State Treasury not otherwise appropriated. All such
123 bonds shall contain recitals on their faces substantially covering
124 the provisions of this section.

125 **SECTION 8.** Upon the issuance and sale of bonds under the
126 provisions of Sections 1 through 16 of this act, the commission
127 shall transfer the proceeds of any such sale or sales to the Small
128 Municipalities and Limited Population Counties Fund created in



129 Section 57-1-18. The proceeds of such bonds shall be disbursed
130 solely upon the order of the Mississippi Development Authority
131 under such restrictions, if any, as may be contained in the
132 resolution providing for the issuance of the bonds.

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

143 **SECTION 10.** The bonds authorized under the authority of
144 Sections 1 through 16 of this act may be validated in the Chancery
145 Court of the First Judicial District of Hinds County, Mississippi,
146 in the manner and with the force and effect provided by Chapter
147 13, Title 31, Mississippi Code of 1972, for the validation of
148 county, municipal, school district and other bonds. The notice to
149 taxpayers required by such statutes shall be published in a
150 newspaper published or having a general circulation in the City of
151 Jackson, Mississippi.

152 **SECTION 11.** Any holder of bonds issued under the provisions
153 of Sections 1 through 16 of this act or of any of the interest
154 coupons pertaining thereto may, either at law or in equity, by
155 suit, action, mandamus or other proceeding, protect and enforce
156 any and all rights granted under Sections 1 through 16 of this
157 act, or under such resolution, and may enforce and compel
158 performance of all duties required by Sections 1 through 16 of
159 this act to be performed, in order to provide for the payment of
160 bonds and interest thereon.



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

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

173 **SECTION 14.** The proceeds of the bonds issued under Sections
174 1 through 16 of this act shall be used solely for the purposes
175 therein provided, including the costs incident to the issuance and
176 sale of such bonds.

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

188 **SECTION 16.** Sections 1 through 16 of this act shall be
189 deemed to be full and complete authority for the exercise of the
190 powers therein granted, but Sections 1 through 16 of this act
191 shall not be deemed to repeal or to be in derogation of any
192 existing law of this state.



193 **SECTION 17.** Section 57-1-18, Mississippi Code of 1972, is
194 amended as follows:

195 57-1-18. (1) For the purposes of this section, the
196 following terms shall have the meanings ascribed in this section
197 unless the context clearly indicates otherwise:

198 (a) "Limited population county" means a county in the
199 State of Mississippi with a population of thirty thousand (30,000)
200 or less according to the most recent federal decennial census at
201 the time the county submits its application to the MDA under this
202 section.

203 (b) "MDA" means the Mississippi Development Authority.

204 (c) "Project" means highways, streets and other
205 roadways, bridges, sidewalks, utilities, airfields, airports,
206 acquisition of equipment, acquisition of real property,
207 development of real property, improvements to real property, and
208 any other project approved by the MDA.

209 (d) "Small municipality" means a municipality in the
210 State of Mississippi with a population of ten thousand (10,000) or
211 less according to the most recent federal decennial census at the
212 time the municipality submits its application to the MDA under
213 this section.

214 (2) (a) There is hereby created in the State Treasury a
215 special fund to be designated as the "Small Municipalities and
216 Limited Population Counties Fund," which shall consist of funds
217 appropriated or otherwise made available by the Legislature in any
218 manner and funds from any other source designated for deposit into
219 such fund. Unexpended amounts remaining in the fund at the end of
220 a fiscal year shall not lapse into the State General Fund, and any
221 investment earnings or interest earned on amounts in the fund
222 shall be deposited to the credit of the fund. Monies in the fund
223 shall be used to make grants to small municipalities and limited
224 population counties or natural gas districts created by law and



225 contained therein to assist in completing projects under this
226 section.

227 (b) Monies in the fund which are derived from proceeds
228 of bonds issued after April 9, 2002, may be used to reimburse
229 reasonable actual and necessary costs incurred by the MDA in
230 providing assistance related to a project for which funding is
231 provided under this section from the use of proceeds of such
232 bonds. An accounting of actual costs incurred for which
233 reimbursement is sought shall be maintained for each project by
234 the MDA. Reimbursement of reasonable actual and necessary costs
235 for a project shall not exceed three percent (3%) of the proceeds
236 of bonds issued for such project. Monies authorized for a
237 particular project may not be used to reimburse administrative
238 costs for unrelated projects. Reimbursements under this
239 subsection shall satisfy any applicable federal tax law
240 requirements.

241 (3) The MDA shall establish a grant program to make grants
242 to small municipalities and limited population counties from the
243 Small Municipalities and Limited Population Counties Fund. A
244 small municipality or limited population county may apply to the
245 MDA for a grant under this section in the manner provided for in
246 this section.

247 (4) A small municipality or limited population county
248 desiring assistance under this section must submit an application
249 to the MDA. The application must include a description of the
250 project for which assistance is requested, the cost of the project
251 for which assistance is requested, the amount of assistance
252 requested and any other information required by the MDA.

253 (5) The MDA shall have all powers necessary to implement and
254 administer the program established under this section, and the
255 department shall promulgate rules and regulations, in accordance
256 with the Mississippi Administrative Procedures Law, necessary for
257 the implementation of this section.



258 (6) The MDA shall file an annual report with the Governor,
259 Secretary of the Senate and the Clerk of the House of
260 Representatives not later than December 1 of each year, describing
261 all assistance provided under this section.

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

