

By: Representative Denny

To: Ways and Means

HOUSE BILL NO. 434

1 AN ACT TO AMEND SECTION 57-1-303, MISSISSIPPI CODE OF 1972,  
2 TO CLARIFY THAT LOANS MADE UNDER THE LOCAL GOVERNMENTS CAPITAL  
3 IMPROVEMENTS REVOLVING LOAN PROGRAM FOR CONSTRUCTION, REPAIR AND  
4 RENOVATION OF PARKS, SWIMMING POOLS AND RECREATIONAL AND ATHLETIC  
5 FACILITIES SHALL NOT EXCEED \$250,000.00 PER PROJECT; AND FOR  
6 RELATED PURPOSES.

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

8 **SECTION 1.** Section 57-1-303, Mississippi Code of 1972, is  
9 amended as follows:

10 57-1-303. (1) (a) (i) There is created a special fund in  
11 the State Treasury to be designated as the "Local Governments  
12 Capital Improvements Revolving Loan Fund," which fund shall  
13 consist of such monies as provided in Sections 57-1-307 through  
14 57-1-335. The fund shall be maintained in perpetuity for the  
15 purposes established in Sections 57-1-301 through 57-1-335.  
16 Unexpended amounts remaining in the fund at the end of a fiscal  
17 year shall not lapse into the State General Fund, and any interest  
18 earned on amounts in the fund shall be deposited to the credit of  
19 the fund. Monies in the fund may not be used or expended for any  
20 purpose except as authorized under Sections 57-1-301 through  
21 57-1-335.

22 (ii) Monies in the Local Governments Capital  
23 Improvements Revolving Loan Fund which are derived from interest  
24 on loan payments received by the Mississippi Development Authority  
25 after January 1, 2002, for loans funded with proceeds of bonds  
26 whose interest is not exempt from income taxation under the  
27 provisions of the Internal Revenue Code may be used by the  
28 Mississippi Development Authority for the ordinary and necessary  
29 general support of the Mississippi Development Authority.



30 However, such monies may not be used for the purpose of providing  
31 salary increases for Mississippi Development Authority employees.  
32 The Mississippi Development Authority may escalate its budget and  
33 expend such monies in accordance with rules and regulations of the  
34 Department of Finance and Administration in a manner consistent  
35 with the escalation of federal funds. This subparagraph (ii)  
36 shall be repealed from and after July 1, 2005.

37 (b) The Local Governments Capital Improvements  
38 Revolving Loan Fund shall be divided into the Taxable Local  
39 Governments Capital Improvements Revolving Loan Subaccount and the  
40 Nontaxable Local Governments Capital Improvements Revolving Loan  
41 Subaccount. Funds allocated to the Nontaxable Local Governments  
42 Capital Improvements Revolving Loan Subaccount shall be utilized  
43 to provide loans for capital improvements that would qualify for  
44 the issuance of bonds whose interest is exempt from income  
45 taxation under the provisions of the Internal Revenue Code. Funds  
46 allocated to the Taxable Local Governments Capital Improvements  
47 Revolving Loan Subaccount shall be utilized to provide loans for  
48 any eligible capital improvements, including, but not limited to,  
49 capital improvements that would qualify for the issuance of bonds  
50 whose interest is exempt from income taxation under the provisions  
51 of the Internal Revenue Code.

52 (c) Of the funds deposited into the Local Governments  
53 Capital Improvements Revolving Loan Fund, not less than  
54 Twenty-five Million Dollars (\$25,000,000.00) shall be allocated to  
55 the Nontaxable Local Governments Capital Improvements Revolving  
56 Loan Subaccount, and the remainder of such funds shall be  
57 allocated to the Taxable Local Governments Capital Improvements  
58 Revolving Loan Subaccount.

59 (2) A county or an incorporated municipality may apply to  
60 the Mississippi Development Authority for a loan under the local  
61 governments capital improvements revolving loan program  
62 established under Sections 57-1-301 through 57-1-335.



63           (3)   (a)   The Mississippi Development Authority shall  
64   establish a loan program by which loans, at the rate of interest  
65   provided for in paragraph (b) of this subsection, may be made  
66   available to counties and incorporated municipalities to assist  
67   counties and incorporated municipalities in making capital  
68   improvements. Loans from the revolving fund may be made to  
69   counties and municipalities as set forth in a loan agreement in  
70   amounts not to exceed one hundred percent (100%) of eligible  
71   project costs as established by the Mississippi Development  
72   Authority. The Mississippi Development Authority may require  
73   county or municipal participation or funding from other sources,  
74   or otherwise limit the percentage of costs covered by loans from  
75   the revolving fund. The Mississippi Development Authority may  
76   establish a maximum amount for any loan in order to provide for  
77   broad and equitable participation in the program and loans for  
78   projects described in Section 57-1-301(2)(m) shall not exceed Two  
79   Hundred Fifty Thousand Dollars (\$250,000.00) per project.

80                   (b)   (i)   Except as otherwise provided in this paragraph  
81   (b), the rate of interest on loans made from the Local Governments  
82   Capital Improvements Revolving Loan Fund for capital improvements  
83   that would qualify for the issuance of bonds whose interest is  
84   exempt from income taxation under the provisions of the Internal  
85   Revenue Code shall be at the rate of three percent (3%) per annum,  
86   calculated according to the actuarial method. The rate of  
87   interest on loans for all other capital improvements shall be at  
88   the true interest cost on the most recent issue of twenty-year  
89   state general obligation bonds occurring prior to the date such  
90   loan is made.

91                           (ii)   The rate of interest on loans made after  
92   April 9, 2002, from the Local Governments Capital Improvements  
93   Revolving Loan Fund for capital improvements that would qualify  
94   for the issuance of bonds whose interest is exempt from income  
95   taxation under the provisions of the Internal Revenue Code shall



96 be at the rate of two percent (2%) per annum, calculated according  
97 to the actuarial method. The rate of interest on loans made after  
98 April 9, 2002, for all other capital improvements shall be at the  
99 rate of three percent (3%) per annum, calculated according to the  
100 actuarial method.

101 (iii) Notwithstanding the provisions of this  
102 paragraph (b) to the contrary, loans made for the purposes of the  
103 capital project described in Section 57-1-301(2)(1) shall bear no  
104 interest.

105 (4) A county that receives a loan from the revolving fund  
106 shall pledge for repayment of the loan any part of the homestead  
107 exemption annual tax loss reimbursement to which it may be  
108 entitled under Section 27-33-77. An incorporated municipality  
109 that receives a loan from the revolving fund shall pledge for  
110 repayment of the loan any part of the sales tax revenue  
111 distribution to which it may be entitled under Section 27-65-75.  
112 Each loan agreement shall provide for (i) monthly payments, (ii)  
113 semiannual payments, or (iii) other periodic payments, the annual  
114 total of which shall not exceed the annual total for any other  
115 year of the loan by more than fifteen percent (15%). The loan  
116 agreement shall provide for the repayment of all funds received  
117 within not more than twenty (20) years from the date of project  
118 completion.

119 (5) The State Auditor, upon request of the Mississippi  
120 Development Authority, shall audit the receipts and expenditures  
121 of a county or an incorporated municipality whose loan payments  
122 appear to be in arrears, and if he finds that the county or  
123 municipality is in arrears in such payments, he shall immediately  
124 notify the Executive Director of the Department of Finance and  
125 Administration who shall withhold all future payments to the  
126 county of homestead exemption reimbursements under Section  
127 27-33-77 and all sums allocated to the county or the municipality  
128 under Section 27-65-75 until such time as the county or the



129 municipality is again current in its loan payments as certified by  
130 the Mississippi Development Authority.

131 (6) Evidences of indebtedness which are issued pursuant to  
132 this chapter shall not be deemed indebtedness within the meaning  
133 specified in Section 21-33-303 with regard to cities or  
134 incorporated towns, and in Section 19-9-5 with regard to counties.

135 **SECTION 2.** This act shall take effect and be in force from  
136 and after its passage.

