

By: Representative Howell

To: Ways and Means

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1617

1 AN ACT TO AMEND SECTION 57-1-303, MISSISSIPPI CODE OF 1972,
2 TO EXTEND TO JULY 1, 2008, THE REPEAL DATE ON THE PROVISION OF LAW
3 THAT AUTHORIZES THE MISSISSIPPI DEVELOPMENT AUTHORITY TO UTILIZE
4 THE PROCEEDS OF FUNDS DERIVED FROM INTEREST ON CERTAIN LOAN
5 PAYMENTS TO THE LOCAL GOVERNMENTS CAPITAL IMPROVEMENTS REVOLVING
6 LOAN FUND FOR THE ORDINARY AND NECESSARY GENERAL SUPPORT OF THE
7 MISSISSIPPI DEVELOPMENT AUTHORITY; AND FOR RELATED PURPOSES.

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

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

11 57-1-303. (1) (a) (i) There is created a special fund in
12 the State Treasury to be designated as the "Local Governments
13 Capital Improvements Revolving Loan Fund," which fund shall
14 consist of such monies as provided in Sections 57-1-307 through
15 57-1-335. The fund shall be maintained in perpetuity for the
16 purposes established in Sections 57-1-301 through 57-1-335.
17 Unexpended amounts remaining in the fund at the end of a fiscal
18 year shall not lapse into the State General Fund, and any interest
19 earned on amounts in the fund shall be deposited to the credit of
20 the fund. Monies in the fund may not be used or expended for any
21 purpose except as authorized under Sections 57-1-301 through
22 57-1-335.

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

30 general support of the Mississippi Development Authority.
31 However, such monies may not be used for the purpose of providing
32 salary increases for Mississippi Development Authority employees.
33 The Mississippi Development Authority may escalate its budget and
34 expend such monies in accordance with rules and regulations of the
35 Department of Finance and Administration in a manner consistent
36 with the escalation of federal funds. This subparagraph (ii)
37 shall be repealed from and after July 1, 2008.

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

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

60 (2) A county or an incorporated municipality may apply to
61 the Mississippi Development Authority for a loan under the local

62 governments capital improvements revolving loan program
63 established under Sections 57-1-301 through 57-1-335.

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

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

92 (ii) The rate of interest on loans made after
93 April 9, 2002, from the Local Governments Capital Improvements
94 Revolving Loan Fund for capital improvements that would qualify

95 for the issuance of bonds whose interest is exempt from income
96 taxation under the provisions of the Internal Revenue Code shall
97 be at the rate of two percent (2%) per annum, calculated according
98 to the actuarial method. The rate of interest on loans made after
99 April 9, 2002, for all other capital improvements shall be at the
100 rate of three percent (3%) per annum, calculated according to the
101 actuarial method.

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

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

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

128 27-33-77 and all sums allocated to the county or the municipality
129 under Section 27-65-75 until such time as the county or the
130 municipality is again current in its loan payments as certified by
131 the Mississippi Development Authority.

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

136 **SECTION 2.** This act shall take effect and be in force from
137 and after July 1, 2004.