

By: Representative Brown

To: Appropriations

HOUSE BILL NO. 1860

1 AN ACT TO REPEAL SECTION 27-103-81, MISSISSIPPI CODE OF 1972,
2 WHICH PROVIDES THAT THE WORKING CASH-STABILIZATION RESERVE FUND
3 MAY BE USED TO PROVIDE STATE FUNDS TO PAY WARRANTS DRAWN FOR
4 PAYMENT THAT WILL BE REIMBURSED BY THE FEDERAL GOVERNMENT UNDER A
5 DELAY-OF-DRAWDOWN LETTER OF CREDIT; TO AMEND SECTION 27-103-203,
6 MISSISSIPPI CODE OF 1972, TO DELETE THE REQUIREMENT THAT FOUR
7 MILLION DOLLARS IN THE WORKING CASH-STABILIZATION RESERVE FUND
8 SHALL REMAIN AVAILABLE FOR USE UNDER SECTION 27-103-81; AND FOR
9 RELATED PURPOSES.

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

11 **SECTION 1.** Section 27-103-81, Mississippi Code of 1972,
12 which provides that the Working Cash-Stabilization Reserve Fund
13 may be used to provide state funds to pay warrants drawn for
14 payment that will be reimbursed by the federal government under a
15 delay-of-drawdown letter of credit, is repealed.

16 **SECTION 2.** Section 27-103-203, Mississippi Code of 1972, is
17 amended as follows:

18 27-103-203. (1) There is created in the State Treasury a
19 special fund, separate and apart from any other fund, to be
20 designated the Working Cash-Stabilization Reserve Fund, into which
21 shall be deposited one hundred percent (100%) of the unencumbered
22 General Fund cash balance at the close of each fiscal year until
23 such time as the balance in the fund reaches Forty Million Dollars
24 (\$40,000,000.00). After the balance in the fund reaches Forty
25 Million Dollars (\$40,000,000.00), fifty percent (50%) of the
26 unencumbered General Fund cash balance at the close of each fiscal
27 year, not to exceed seven and one-half percent (7-1/2%) of the
28 General Fund appropriations for such fiscal year, shall be
29 deposited into the fund. The remainder of the year-end
30 unencumbered cash after transfer to the Working Cash-Stabilization

31 Reserve Fund shall remain in the General Fund. Unencumbered cash
32 in the General Fund may be used for new year cash flow needs and
33 may also be used for deficit appropriations or regular
34 appropriations.

35 (2) The Working Cash-Stabilization Reserve Fund shall not be
36 considered as a surplus or available funds when adopting a
37 balanced budget as required by law. The State Treasurer shall
38 invest all sums in the Working Cash-Stabilization Reserve Fund not
39 needed for the purposes provided for in this section in
40 certificates of deposit, repurchase agreements and other
41 securities as authorized in Sections 27-105-33(d) or 7-9-103, as
42 the State Treasurer may determine to yield the highest market rate
43 available. If the Ayers Settlement Fund is created under Section
44 37-101-27(5), the first Five Million Dollars (\$5,000,000.00) of
45 interest earned on those sums each fiscal year shall be deposited
46 into that fund until a total of Seventy Million Dollars
47 (\$70,000,000.00) has been deposited into the fund. The interest,
48 or the remaining interest if the Ayers Settlement Fund is created,
49 that is earned on those sums shall be deposited in the Working
50 Cash-Stabilization Reserve Fund until the balance of principal and
51 interest in the fund reaches seven and one-half percent (7-1/2%)
52 of the total General Fund appropriations for the current fiscal
53 year, and all interest earned in excess of amounts necessary to
54 maintain the seven and one-half percent (7-1/2%) fund balance
55 requirement shall be deposited by the State Treasurer into the
56 State General Fund.

57 (3) The Working Cash-Stabilization Reserve Fund, except for
58 Fifteen Million Dollars (\$15,000,000.00) and the amount of the
59 interest and income earned on the principal of the Ayers Endowment
60 Trust created by Section 37-101-27, shall be used by the State
61 Treasurer for cash flow needs throughout the year when the
62 Executive Director of the Department of Finance and Administration
63 certifies that in his opinion there will be cash flow deficiencies

64 in the State General Fund. No borrowing of monies from other
65 special funds for such purposes as authorized by Section 31-17-101
66 et seq. shall be made as long as an unencumbered balance in excess
67 of Fifteen Million Dollars (\$15,000,000.00) and the interest and
68 income earned on the principal of the Ayers Endowment Trust
69 created by Section 37-101-27 remains in the fund. The State
70 Treasurer shall reimburse the fund for all sums borrowed for those
71 purposes from General Fund revenues collected during the fiscal
72 year in which those funds are used. The State Treasurer shall
73 immediately notify the Legislative Budget Office and the State
74 Department of Finance and Administration of each transfer into and
75 out of the fund. * * * Fifteen Million Dollars (\$15,000,000.00)
76 in the Working Cash-Stabilization Reserve Fund shall remain
77 available for exclusive use of the Ayers Endowment Trust created
78 by Section 37-101-27. If the Ayers Settlement Fund is created
79 under Section 37-101-27(5), beginning when a total of Fifty-five
80 Million Dollars (\$55,000,000.00) has been deposited into the fund,
81 for each annual deposit of interest to that fund under subsection
82 (2) of this section, the Ayers Endowment Trust created under
83 Section 37-101-27(1) shall be reduced by an equal amount annually
84 until the Ayers Endowment Trust reaches Zero Dollars (\$0.00), at
85 which time any requirements concerning the Ayers Endowment Trust
86 in this section shall be null and void.

87 (4) The Working Cash-Stabilization Reserve Fund, except for
88 Forty Million Dollars (\$40,000,000.00), shall also be used for the
89 purpose of covering any projected deficits that may occur in the
90 General Fund at the end of a fiscal year as a result of revenue
91 shortfalls. If the Governor determines that a deficit in revenues
92 from all sources may occur, it shall be the duty of the Executive
93 Director of the Department of Finance and Administration to
94 transfer such funds as necessary to the General Fund to alleviate
95 the deficit in accordance with Sections 27-104-13 and 31-17-123;
96 however, not more than Fifty Million Dollars (\$50,000,000.00) may

97 be transferred from the fund for that purpose in any one (1)
98 fiscal year. If it becomes necessary to apply a part of the fund
99 to this purpose, the amount so applied shall be restored to the
100 Working Cash-Stabilization Reserve Fund out of future annual
101 surpluses, as provided in subsection (1) of this section, until
102 the seven and one-half percent (7-1/2%) maximum is again attained.

103 (5) The Working Cash-Stabilization Reserve Fund also shall
104 be used to provide funds for the Disaster Assistance Trust Fund
105 when those funds are immediately needed to provide for disaster
106 assistance under Sections 33-15-301 through 33-15-317. Any
107 transfer of funds from the Working Cash-Stabilization Reserve Fund
108 to the Disaster Assistance Trust Fund shall be made in accordance
109 with the provisions of subsection (5) of Section 33-15-307.

110 (6) The Department of Finance and Administration shall
111 immediately send notice of any transfers made, or other action
112 taken under authority of this section, to the Legislative Budget
113 Office.

114 (7) Funds deposited in the Working Cash-Stabilization
115 Reserve Fund shall be used only for the purposes specified in this
116 section, and as long as the provisions of this section remain in
117 effect, no other expenditure, appropriation or transfer of funds
118 in the Working Cash-Stabilization Reserve Fund shall be made
119 except by act of the Legislature making specific reference to the
120 Working Cash-Stabilization Reserve Fund as the source of those
121 funds.

122 **SECTION 3.** This act shall take effect and be in force from
123 and after its passage.