

By: Senator(s) Harden

To: Education; Finance

SENATE BILL NO. 2979

1 AN ACT TO AMEND SECTION 29-3-113, MISSISSIPPI CODE OF 1972,
2 TO CLARIFY THE AUTHORIZED INVESTMENTS OF SIXTEENTH SECTION
3 PRINCIPAL FUNDS AND TO PROVIDE THAT LOANS FROM SIXTEENTH SECTION
4 FUNDS MAY BE REFINANCED UNDER THE MISSISSIPPI BOND REFINANCING
5 ACT; 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,
24 gravel, dirt, clays and royalties received from the sale of
25 mineral ores, 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, acting alone or with other school
40 districts, is authorized to invest the funds in interest bearing
41 deposits or other obligations of the types described in Section
42 27-105-33 or in any other type investment in which any other
43 political subdivision of the State of Mississippi may invest,
44 including, but not limited to, those described in Section
45 27-105-365, except that one hundred percent (100%) of the funds
46 are authorized to be invested. For the purposes of investment,
47 the principal fund of each township may be combined into one or
48 more district accounts and into one or more common investments
49 owned by participating school districts; however, the docket book
50 of the * * * superintendent of schools of each district shall at
51 all times reflect the proper source of, and its ownership interest
52 in, such funds. Provided that funds received from the sale of
53 timber shall be placed in a separate principal fund account, and
54 may be expended for any of the purposes authorized by law.

55 The Board of Education shall have authority to borrow such
56 funds at a rate of interest not less than four percent (4%) per
57 annum and for a term not exceeding twenty (20) years, for the
58 erection, equipment or repair of said district schools, to provide
59 local funds for any building project approved by the State Board
60 of Education or to provide additional funds for forest stand
61 improvement as set forth in Section 29-3-47. In addition, the

62 board may borrow the funds under the same interest restrictions
63 for a term not exceeding ten (10) years to provide funds for the
64 purchase of school buses. The board of education shall have the
65 further authority to refinance loans outstanding under the
66 provisions of this section with any party determined by the board
67 of education, pursuant to the provisions of Sections 31-15-1
68 through 31-15-27 or Sections 31-27-1 through 31-27-25, without
69 regard to any savings requirements contained in such sections.

70 The Board of Education of any school district in any county that
71 has an aggregate amount of assets in its principal fund in excess
72 of Five Million Dollars (\$5,000,000.00), may deduct an amount not
73 to exceed Five Hundred Thousand Dollars (\$500,000.00) for the
74 purpose of covering the cost of asbestos removal from school
75 district buildings. Such asbestos removal shall be construed to
76 constitute the repair of school district facilities as prescribed
77 in Section 29-3-115.

78 No school land trust funds may be expended after the annual
79 payment date until the payment is made on such loan. The annual
80 payment can be made from any funds available to the school
81 district except minimum foundation program funds.

82 It shall be unlawful for the Board of Education to borrow any
83 sixteenth section school funds in any other manner than that
84 prescribed herein, and if any such funds shall be borrowed or
85 invested in any other manner, any officer concerned in making such
86 loan and investment or suffering the same to be made in violation
87 of the provisions of this section, shall be liable personally and
88 on his official bond for the safety of the funds so loaned.

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