

**Adopted
COMMITTEE AMENDMENT NO 1 PROPOSED TO**

House Bill No. 1762

BY: Committee

**Amend by striking all after the enacting clause and inserting
in lieu thereof the following:**

15 **SECTION 1.** Section 31-25-28, Mississippi Code of 1972, is
16 amended as follows:
17 31-25-28. (1) Local governmental units may borrow money or
18 receive grants from the bank for any of the purposes set forth in
19 this section or Section 31-25-20(g) and pay to the bank such fees
20 and charges for services as the bank may prescribe. Whenever any
21 such loan is made to a local governmental unit, such local
22 governmental unit may use available revenues for the repayment of
23 the principal of, premium, if any, and interest on such loan, and
24 pledge such available revenues or monies for the repayment of the
25 principal of, premium, if any, and interest on such loan. It is
26 the intention of the Legislature that any such pledge of revenues
27 or other monies shall be valid and binding from the date the
28 pledge is made; that such revenues or other monies so pledged and
29 thereafter received by the local governmental unit shall
30 immediately be subject to the lien of such pledge without any
31 physical delivery thereof or further act, and that the lien of any
32 such pledge shall be valid and binding as against all parties
33 having claims of any kind in tort, contract or otherwise against

34 the local governmental unit irrespective of whether such parties
35 have notice thereof; and neither the resolutions, contracts or any
36 other instrument by which a pledge is created need be recorded.

37 (2) Local governmental units may contract with the bank with
38 respect to any such loan and such contract shall contain such
39 terms and conditions as may be prescribed by the bank.

40 (3) Local governmental units may in connection with any such
41 loan enter into any covenants and agreements with respect to such
42 local governmental unit's operations, revenues, assets, monies,
43 funds or property, or such loan, as may be prescribed by the bank.

44 (4) Upon the making of any such loan by the bank to any
45 local governmental unit, such local governmental unit shall be
46 held and be deemed to have agreed that if such governmental unit
47 fails to pay the principal of, premium, if any, and interest on
48 any such loan as when due and payable, such governmental unit
49 shall have waived any and all defenses to such nonpayment, and the
50 bank, upon such nonpayment, shall thereupon avail itself of all
51 remedies, rights and provisions of law applicable in such
52 circumstance, including without limitation, any remedies or rights
53 theretofore agreed to by the local governmental unit, and that
54 such loan shall for all of the purposes of this section, be held
55 and be deemed to have become due and payable and to be unpaid.
56 The bank may carry out the provisions of this section and exercise
57 all of the rights and remedies and provisions of law provided or
58 referred to in this section and of all other applicable laws of
59 the state.

60 (5) Any local governmental unit that borrows from the bank
61 under this section may agree in writing with the bank that, as
62 provided in this subsection, the State Tax Commission or any state
63 agency, department or commission created pursuant to state law
64 shall (a) withhold all or any part (as agreed by the local
65 governmental unit) of any monies that such local governmental unit

66 is entitled to receive from time to time pursuant to any law and
67 that is in the possession of the State Tax Commission or any state
68 agency, department or commission created pursuant to state law and
69 (b) pay the same over to the bank to satisfy any delinquent
70 payments on any such loan made to such local governmental unit
71 under the provisions of this section and any other delinquent
72 payments due and owing the bank by such local governmental unit,
73 all as the same shall occur. If the bank files a copy of such
74 written agreement, together with a statement of delinquency, with
75 the State Tax Commission or any state agency, department or
76 commission created pursuant to state law, then the State Tax
77 Commission or any state agency, department or commission created
78 pursuant to state law shall immediately make the withholdings
79 provided in such agreement from the amounts due the local
80 governmental unit and shall continue to pay the same over to the
81 bank until all such delinquencies are satisfied.

82 (6) Before authorizing any loan for any of the purposes
83 enumerated in Section 31-25-20(e), the governing authority of the
84 local governmental unit shall adopt a resolution declaring its
85 intention so to do, stating the amount of the loan proposed to be
86 authorized and the purpose for which the loan is to be authorized,
87 and the date upon which the loan will be authorized. Such
88 resolution shall be published once a week for at least three (3)
89 consecutive weeks in at least one (1) newspaper published in such
90 local governmental unit. The first publication of such resolution
91 shall be made not less than twenty-one (21) days before the date
92 fixed in such resolution for the authorization of the loan and the
93 last publication shall be made not more than seven (7) days before
94 such date. If no newspaper is published in such local
95 governmental unit, then such notice shall be given by publishing
96 the resolution for the required time in some newspaper having a
97 general circulation in such local governmental unit and, in

98 addition, by posting a copy of such resolution for at least
99 twenty-one (21) days next preceding the date fixed therein at
100 three (3) public places in such local governmental unit. If
101 fifteen percent (15%) of the qualified electors of the local
102 governmental unit or fifteen hundred (1500), whichever is the
103 lesser, file a written protest against the authorization of such
104 loan on or before the date specified in such resolution, then an
105 election on the question of the authorization of such loan shall
106 be called and held as otherwise provided for in connection with
107 the issuance of general obligation indebtedness of such local
108 governmental unit. Notice of such election shall be given as
109 otherwise required in connection with the issuance of general
110 obligation indebtedness of such local governmental unit. If
111 three-fifths (3/5) of the qualified electors voting in the
112 election vote in favor of authorizing the loan, then the governing
113 authority of the local governmental unit shall proceed with the
114 loan; however, if less than three-fifths (3/5) of the qualified
115 electors voting in the election vote in favor of authorizing the
116 loan, then the loan shall not be incurred. If no protest be
117 filed, then such loan may be entered into by the local
118 governmental unit without an election on the question of the
119 authorization of such loan, at any time within a period of two (2)
120 years after the date specified in the resolution. However, the
121 governing authority of any local governmental unit in its
122 discretion may nevertheless call an election on such question, in
123 which event it shall not be necessary to publish the resolution
124 declaring its intention to authorize such loan as provided in this
125 subsection.

126 (7) (a) The Department of Environmental Quality may borrow
127 money from the bank for any purpose as otherwise authorized by
128 this act or for the purpose of funding loan programs (including
129 revolving loan programs) for such local governmental unit, or

130 both. The Department of Environmental Quality may contract with
131 the bank with respect to any loan from the bank to fund such loan
132 programs and such loan from the bank may include any terms and
133 conditions as provided for in this section. If the Department of
134 Environmental Quality borrows funds pursuant to this subsection
135 (7), then such local governmental unit shall certify the following
136 to the bank prior to making the loan from the bank:

137 (i) The revolving loan program or other program to
138 be funded through the issuance of the bonds;

139 (ii) Available revenues which such local
140 governmental unit intends to use to repay the loan; and

141 (iii) That such local governmental unit does not
142 intend to request an additional appropriation from the Legislature
143 to pay debt service on the loan from the bank or for such
144 security.

145 (b) If such local governmental unit meets the
146 requirements of paragraph (a) of this subsection (7), then such
147 local governmental unit shall not be required to meet the
148 requirements of Section 31-25-27(14). Notwithstanding any other
149 provision of law, including any limitations or restrictions under
150 Section 49-17-81 et seq., such local governmental unit may
151 designate or pledge any funds, revenues or any other amounts
152 received under its loan programs designated under paragraph (a)(i)
153 of this subsection (7) to repay a loan from the bank under this
154 subsection (7). Funds, revenues or any other amounts received
155 under a loan program as provided under this subsection (7)
156 specifically include, but are not limited to, any principal and/or
157 interest loan repayments from any participant under the program,
158 any investment earnings, or other amounts held by the Department
159 of Environmental Quality in connection with the applicable loan
160 program. Any loan program of the Department of Environmental
161 Quality otherwise authorized by law shall be deemed to be a public

162 purpose for purposes of this act which the bank may loan funds
163 under the provisions of this act.

164 (c) In connection with a loan under this subsection
165 (7), the bank may administer and manage loan programs as provided
166 in the contracts with the bank to loan funds thereunder.

167 (d) The maximum amount that the Department of
168 Environmental Quality may borrow under this subsection (7) shall
169 not exceed Twenty-five Million Dollars (\$25,000,000.00) in the
170 aggregate.

171 (8) This section shall be deemed to provide an additional,
172 alternative and complete method for the doing of the things
173 authorized by this section and shall be deemed and construed to be
174 supplemental to any power conferred by other laws on local
175 governmental units and not in derogation of any such powers. Any
176 loan made pursuant to the provisions of this section shall not
177 constitute an indebtedness of the local governmental unit within
178 the meaning of any constitutional or statutory limitation or
179 restriction. In connection with a loan under this chapter, a
180 local governmental unit shall not be required to comply with the
181 provisions of any other law except as provided in this section.

182 **SECTION 2.** Section 31-25-27, Mississippi Code of 1972, is
183 amended as follows:

184 31-25-27. (1) Each local governmental unit is hereby
185 authorized and empowered to contract with the bank with respect to
186 the bank's purchase of such local governmental unit's securities
187 and such contract shall contain such terms and conditions as may
188 be prescribed by the bank. Each local governmental unit is
189 authorized and empowered to pay to the bank such fees and charges
190 for services as the bank may prescribe.

191 (2) Each local governmental unit is hereby authorized to
192 issue securities under the provisions of this act and to sell such
193 securities to the bank to raise money for any purpose or purposes

194 set forth in Sections 21-27-23, 21-33-301, 21-33-325, 21-33-326,
195 31-27-5, 17-17-301 et seq. and any other state law authorizing the
196 issuance of local governmental unit debt, and for the purpose of
197 refunding any securities issued under the provisions of this act
198 or under the provisions of Section 21-27-11 et seq., or Section
199 21-33-301 et seq., or Section 31-27-1 et seq. Such securities may
200 be issued in accordance with Sections 21-33-301, 21-33-303,
201 21-33-307, 21-33-309, 21-33-311, 21-33-313, 21-33-325 and
202 21-33-326, or Sections 21-27-23 through 21-27-43 and Sections
203 21-27-47 through 21-27-71, or Sections 31-27-1 through 31-27-25,
204 or Sections 17-5-3 through 17-5-11, or Sections 49-17-101 through
205 49-17-123, or Sections 17-17-301 through 17-17-349 or any other
206 state law authorizing issuance of local governmental unit debt, as
207 the case may be, unless otherwise specifically provided in this
208 act; provided, however, the securities of any local governmental
209 unit may be issued with such terms and provisions as may be
210 necessary and appropriate in order to comply with the provisions
211 of any loan agreement described in Section 49-17-87. Whenever
212 securities shall be issued under this subsection, the governing
213 authority may also pledge to the payment of principal of, premium,
214 if any, and interest on such securities the revenues of any
215 project to be constructed, improved or purchased with the proceeds
216 thereof. Whenever any project is a part of a system or combined
217 system, then all or any portion of the revenues of such system or
218 combined system may be pledged to secure repayment of such
219 securities as determined by the bank.

220 (3) Each local governmental unit is hereby authorized to
221 issue securities to the bank to raise money for any purpose or
222 purposes set forth in Sections 19-9-1, 19-9-27 or 19-9-28 and for
223 the purpose of refunding any securities issued under the
224 provisions of this act or under the provisions of Section 19-9-1
225 et seq. Such securities may be issued in accordance with Sections

226 19-9-1, 19-9-3, 19-9-5, 19-9-7, 19-9-9, 19-9-11, 19-9-13, 19-9-15,
227 19-9-17, 19-9-27 and 19-9-28, or Sections 17-5-3 through 17-5-11,
228 or Sections 49-17-101 through 49-17-123, as the case may be,
229 unless otherwise specifically provided in this act; provided,
230 however, the securities of any local governmental unit may be
231 issued with such terms and provisions as may be necessary and
232 appropriate in order to comply with the provisions of any loan
233 agreement described in Section 49-17-87. Whenever securities
234 shall be issued under this subsection, the board of supervisors of
235 the county may also pledge to the payment of principal of,
236 premium, if any, and interest on such securities the revenues of
237 any project to be constructed, improved, repaired or purchased
238 with the proceeds thereof. Whenever any project is a part of a
239 system or combined system, then all or any portion of the revenues
240 of such system or combined system may be pledged to secure
241 repayment of such securities as determined by the bank.

242 (4) In addition, any local governmental unit is hereby
243 authorized to issue securities to the bank to raise money for any
244 purpose or purposes otherwise authorized by state law and for the
245 purpose of refunding any securities issued under the provisions of
246 this act or as otherwise authorized by state law including Section
247 49-17-83 et seq. Such securities may be issued in accordance with
248 any other applicable provision of state law related to the
249 issuance of securities including Section 49-17-83 et seq.
250 Whenever securities shall be issued under this subsection, the
251 governing body of such local governmental unit may also pledge to
252 the payment of principal of, premium, if any, and interest on such
253 securities the revenues of any project to be constructed, improved
254 or purchased with the proceeds thereof. Whenever any project is a
255 part of a system or combined system, then all or any portion of
256 the revenues of such system or combined system may be pledged to
257 secure repayment of such securities as determined by the bank.

258 (5) Securities issued by a local governmental unit under the
259 provisions of this act:

260 (a) May be sold only to the bank at private sale and
261 may be sold at such price or prices, in such manner and at such
262 times as may be agreed to by the bank and the local governmental
263 unit, and the governing body of the local governmental unit may
264 pay all expenses, premiums, fees and commissions which it may deem
265 necessary and advantageous in connection with the issuance and
266 sale thereof;

267 (b) Shall be secured as provided by Chapter 27, Title
268 21, Mississippi Code of 1972; Chapter 33, Title 21, Mississippi
269 Code of 1972; or Chapter 9, Title 19, Mississippi Code of 1972, or
270 other provisions of state law, and as provided in this act; and it
271 is the intention of the Legislature that any pledge of earnings,
272 revenues or other monies made by the local governmental unit shall
273 be valid and binding from the time the pledge is made; that the
274 earnings, revenues or other monies so pledged and thereafter
275 received by the local governmental unit shall immediately be
276 subject to the lien of such pledge without any physical delivery
277 thereof or further act, and that the lien of any such pledge shall
278 be valid and binding as against all parties having claims of any
279 kind in tort, contract or otherwise against the local governmental
280 unit irrespective of whether such parties have notice thereof; and
281 neither the resolution nor any other instrument by which a pledge
282 is created need be recorded;

283 (c) Neither the officers or members of the governing
284 body of the local governmental unit nor any person executing the
285 bonds shall be personally liable on the bonds or be subject to any
286 personal liability or accountability by reason of the issuance
287 thereof;

288 (d) Shall be issued for the purposes set forth in this
289 act and shall include terms and conditions which meet the state

290 law authorizing the issuance of such local governmental unit debt
291 and/or such terms and conditions consistent with the requirements
292 for issuance of Mississippi Development Bank Bonds under Section
293 31-25-37.

294 (6) Each local governmental unit issuing securities under
295 the provisions of this act is hereby authorized and empowered in
296 connection with the issuance of such securities to enter into any
297 covenants, agreements as to defaults and agreements as to remedies
298 of the bank for defaults with respect to such local governmental
299 unit's operation, revenues, assets, monies, funds or property as
300 may be prescribed by the bank.

301 (7) The proceeds of securities shall be deposited in one or
302 more special funds established by resolution of the local
303 governmental unit issuing the same and shall be applied to the
304 following: (a) the purpose for which the securities were issued;
305 (b) the payment of all costs of issuance of the securities; (c)
306 the payments of any fees and charges established by the bank; (d)
307 the payment of interest on the securities for a period of time not
308 greater than the period of time estimated to be required to
309 complete the purpose for which the securities were issued; all to
310 the extent provided by resolution of the governing body of the
311 local governmental unit and approved by the bank. Such special
312 fund shall be held by commercial banks qualified to act as
313 depositories therefor.

314 (8) In the event the bank determines to issue bonds and in
315 connection therewith to exercise the powers provided in subsection
316 (7) of Section 31-25-37, and if the requirements of subsection
317 (2), (3) or (4) as the case may be, of this section have been
318 satisfied, a local governmental unit is authorized to issue its
319 securities as provided in this section.

320 (9) Securities issued under this act may be validated in the
321 manner and with the force and effect provided in Section 31-13-1
322 et seq.

323 (10) This act shall be deemed to provide an additional,
324 alternative and complete method for the doing of the things
325 authorized hereby and shall be deemed and construed to be
326 supplemental to any power conferred by other laws on local
327 governmental units and not in derogation of any such powers.

328 (11) Any person who attempts to or obtains financial aid for
329 a local governmental unit hereunder or who attempts to or sells
330 securities of a governmental unit to the bank by false or
331 misleading information or who shall by fraud attempt to obtain
332 monies from the bank or its approval for the payment of monies or
333 shall fraudulently attempt to or does prevent the collection of
334 any monies due to the bank shall, upon conviction, be guilty of a
335 felony for each offense.

336 (12) Upon the sale and issuance of any securities to the
337 bank by any governmental unit, such governmental unit shall be
338 held and be deemed to have agreed that in the event of the failure
339 of such governmental unit to pay the interest on or the principal
340 of any of such securities owned or held by the bank as and when
341 due and payable, such governmental unit shall have waived any and
342 all defenses to such nonpayment, and the bank upon such nonpayment
343 shall thereupon constitute a holder or owner of such securities as
344 being in default, and the bank may then and thereupon avail itself
345 of all remedies, rights and provisions of law applicable in such
346 circumstance, including without limitation any remedies or rights
347 theretofore agreed to by the local governmental unit, and that all
348 of the securities of the issue of securities of such governmental
349 unit as to which there has been such nonpayment, shall for all of
350 the purposes of this section be held and be deemed to have become
351 due and payable and to be unpaid. The bank is hereby authorized

352 and empowered to carry out the provisions of this section and to
353 exercise all of the rights and remedies and provisions of law
354 herein provided or referred to.

355 (13) Any local governmental unit which borrows from the bank
356 is hereby authorized and empowered to agree in writing with the
357 bank that, as provided in this subsection, the State Tax
358 Commission or any state agency, department or commission created
359 pursuant to state law shall (a) withhold all or any part (as
360 agreed by the local governmental unit) of any monies which such
361 local governmental unit is entitled to receive from time to time
362 pursuant to any law and which is in the possession of the State
363 Tax Commission, or any state agency, department or commission
364 created pursuant to state law and (b) pay the same over to the
365 bank to satisfy any delinquent payments on any securities issued
366 by such local governmental unit under the provisions of this act
367 and any other delinquent payments due and owing the bank by such
368 local governmental unit, all as the same shall occur. In the
369 event the bank shall file a copy of such written agreement,
370 together with a statement of delinquency, with the State Tax
371 Commission, or any state agency, department or commission created
372 pursuant to state law then the State Tax Commission or any state
373 agency, department or commission created pursuant to state law
374 shall immediately make the withholdings provided in such agreement
375 from the amounts due the local governmental unit and shall
376 continue to pay the same over to the bank until all such
377 delinquencies are satisfied.

378 (14) (a) Except as otherwise provided in Section
379 31-25-28(7), if the state or any agency thereof, the institutions
380 of higher learning of the state or any education building
381 corporation established for institutions of higher learning,
382 borrows funds from the bank under Section 31-25-28 or sells its
383 securities to the bank pursuant to this act, then such local

384 governmental unit shall certify the following to the bank prior to
385 the issuance of bonds:

386 (i) The legal authority for such local
387 governmental unit to borrow funds; and

388 (ii) That such local governmental unit does not
389 intend to request an additional appropriation from the Legislature
390 to pay debt service on the loan or for such security.

391 (b) If the state or any agency thereof, the
392 institutions of higher learning of the state or any education
393 building corporation established for institutions of higher
394 learning, does not make the certification required under paragraph
395 (a)(ii) of this subsection, then such local governmental unit
396 shall not borrow funds from the bank under Section 31-25-28 or
397 sell its securities to the bank pursuant to this act unless an
398 appropriation by the Legislature authorizes the payment of debt
399 service for the first year of the loan or for such security.

400 (15) Any local governmental unit may borrow money from the
401 bank loaned under any loan guaranty program of any department or
402 agency of the United States, including the United States
403 Department of Agriculture Rural Utility Services Water and Waste
404 Disposal Guaranteed Loan Program and Community Programs Guaranteed
405 Loan Program or any such successor guaranty programs.

406 (16) Notwithstanding any law to the contrary, each local
407 governmental unit is authorized and empowered to contract with the
408 bank for the exercise by the bank of any and all of the bank's
409 powers as set out in this act with respect to the proceeds of such
410 local governmental unit's securities or certificates of
411 participation issued by such local governmental unit pursuant to
412 any state law authorizing the issuance of local governmental unit
413 debt.

414 (17) Subsections (15) and (16) of this section shall be
415 deemed to provide all necessary authority for the doing of the

416 things authorized thereby and shall be liberally construed to
417 accomplish the purposes and authorizations therein stated.

418 **SECTION 3.** Section 49-17-85, Mississippi Code of 1972, is
419 amended as follows:

420 49-17-85. (1) There is established in the State Treasury a
421 fund to be known as the "Water Pollution Control Revolving Fund"
422 which shall be administered by the commission acting through the
423 department. The revolving fund may receive bond proceeds and
424 funds appropriated or otherwise made available by the Legislature
425 in any manner and funds from any other source, public or private.
426 The revolving fund shall be maintained in perpetuity for the
427 purposes established in this section.

428 (2) There is established in the State Treasury a fund to be
429 known as the "Water Pollution Control Hardship Grants Fund," which
430 shall be administered by the commission acting through the
431 department. The grants fund shall be maintained in perpetuity for
432 the purposes established in this section. Any interest earned on
433 monies in the grants fund shall be credited to that fund.

434 (3) The commission shall promulgate regulations for the
435 administration of the revolving fund program, the hardship grants
436 program and for related programs authorized under this section.
437 The regulations shall be in accordance with the federal Water
438 Quality Act of 1987, as amended and regulations and guidance
439 issued under that act. The commission may enter into
440 capitalization grant agreements with the United States
441 Environmental Protection Agency and may accept capitalization
442 grant awards made under Title VI of the Water Quality Act of 1987,
443 as amended.

444 (4) The commission shall establish a loan program which
445 shall commence after October 1, 1988, to assist political
446 subdivisions in the construction of water pollution control
447 projects. Loans from the revolving fund may be made to political

448 subdivisions as set forth in a loan agreement in amounts not
449 exceeding one hundred percent (100%) of eligible project costs as
450 established by the commission. Notwithstanding loan amount
451 limitations set forth in Section 49-17-61, the commission may
452 require local participation or funding from other sources, or
453 otherwise limit the percentage of costs covered by loans from the
454 revolving fund. The commission may establish a maximum amount for
455 any loan in order to provide for broad and equitable participation
456 in the program.

457 (5) The commission shall establish a hardship grants program
458 for rural communities, which shall commence after July 1, 1997, to
459 assist severely economically disadvantaged small rural political
460 subdivisions in the construction of water pollution control
461 projects. The commission may receive and administer state or
462 federal funds, or both, appropriated for the operation of this
463 grants program and may take all actions necessary to implement the
464 program in accordance with the federal hardship grants program.
465 The hardship grants program shall operate in conjunction with the
466 revolving loan program administered under this section.

467 (6) The commission shall act for the state in all matters
468 and with respect to all determinations under Title VI of the
469 federal Water Quality Act of 1987, as amended and the federal
470 Omnibus Appropriations and Recision Act of 1996.

471 (7) Except as otherwise provided in this section, the
472 revolving fund may be used only:

473 (a) To make loans on the condition that:

474 (i) The loans are made at or below market interest
475 rates, at terms not to exceed twenty (20) years after project
476 completion; the interest rate and term may vary from time to time
477 and from loan to loan at the discretion of the commission;

478 (ii) Periodic principal and interest payments will
479 commence when required by the commission but not later than one

480 (1) year after project completion and all loans will be fully
481 amortized when required by the commission but not later than
482 twenty (20) years after project completion;

483 (iii) The recipient of a loan will establish a
484 dedicated source of revenue for repayment of loans;

485 (b) To buy or refinance the debt obligation of
486 political subdivisions at or below market rates, where the debt
487 obligations were incurred after March 7, 1985, and where the
488 projects were constructed in compliance with applicable federal
489 and state regulations;

490 (c) To guarantee, or purchase insurance for,
491 obligations of political subdivisions where the action would
492 improve credit market access or reduce interest rates;

493 (d) To provide loan guarantees for similar revolving
494 funds established by municipalities or intermunicipal agencies;

495 (e) To earn interest on fund accounts;

496 (f) To establish nonpoint source pollution control
497 management programs;

498 (g) To establish estuary conservation and management
499 programs;

500 (h) For the reasonable costs of administering the
501 revolving fund and conducting activities under this act, subject
502 to the limitations established in Section 603(d)(7) of Title VI of
503 the federal Clean Water Act, as amended, and subject to annual
504 appropriation by the Legislature; and

505 (i) In connection with the issuance, sale and purchase
506 of bonds under Section 31-25-1 et seq., related to the funding of
507 projects, to provide security or a pledge of revenues for the
508 repayment of the bonds.

509 (8) The hardship grants program shall be used only to
510 provide hardship grants consistent with the federal hardship
511 grants program for rural communities, regulations and guidance

512 issued by the United States Environmental Protection Agency,
513 subsections (3) and (5) of this section and regulations
514 promulgated and guidance issued by the commission under this
515 section.

516 (9) The commission shall establish by regulation a system of
517 priorities and a priority list of projects eligible for funding
518 with loans from the revolving fund.

519 (10) The commission may provide a loan from the revolving
520 fund only with respect to a project if that project is on the
521 priority list established by the commission.

522 (11) The revolving fund shall be credited with all payments
523 of principal and interest derived from the fund uses described in
524 subsection (7) of this section. However, notwithstanding any
525 other provision of law to the contrary, all or any portion of
526 payments of principal and interest derived from the fund uses
527 described in subsection (7) of this section may be designated or
528 pledged for repayment of a loan as provided for in Section
529 31-25-28 in connection with a loan from the Mississippi
530 Development Bank.

531 (12) The commission may establish and collect fees to defray
532 the reasonable costs of administering the revolving fund if it
533 determines that the administrative costs will exceed the
534 limitations established in Section 603(d)(7) of Title VI of the
535 federal Clean Water Act, as amended. The administration fees may
536 be included in loan amounts to political subdivisions for the
537 purpose of facilitating payment to the commission. The fees may
538 not exceed five percent (5%) of the loan amount.

539 **SECTION 4.** Section 49-17-86, Mississippi Code of 1972, is
540 amended as follows:

541 49-17-86. (1) (a) There is created a fund in the State
542 Treasury to be designated as the "Water Pollution Control
543 Emergency Loan Fund" hereinafter referred to as "emergency fund."

544 (b) The emergency fund may receive appropriations, bond
545 proceeds, grants, gifts, donations or funds from any source,
546 public or private. The emergency fund shall be credited with all
547 repayments of principal and interest derived from loans made from
548 the emergency fund.

549 (c) The monies in the emergency fund may be expended
550 only in amounts appropriated by the Legislature.

551 (d) The emergency fund shall be maintained in
552 perpetuity for the purposes established in Sections 49-17-81
553 through 49-17-89. Unexpended amounts remaining in the emergency
554 fund at the end of a fiscal year shall not lapse into the State
555 General Fund. Any interest earned on amounts in the emergency
556 fund shall be deposited to the credit of the fund.

557 (2) The commission shall establish a loan program to assist
558 political subdivisions in making emergency improvements such as
559 repairs to or replacement of machinery, equipment, materials,
560 structures or devices in existing water pollution abatement
561 projects or such other emergency water pollution abatement
562 projects as the commission deems necessary. Loans from the
563 emergency fund may be made to political subdivisions as set forth
564 in a loan agreement in amounts not exceeding one hundred percent
565 (100%) of eligible project costs as established by the commission.
566 The commission may require local participation or funding from
567 other sources, or otherwise limit the percentage of costs covered
568 by loans from the emergency fund. The commission may establish a
569 maximum amount for any loan not to exceed Three Hundred Fifty
570 Thousand Dollars (\$350,000.00).

571 (3) Except as otherwise provided in this section, the
572 emergency fund may be used only:

573 (a) To make loans on the condition that:

574 (i) Loans are made at or below market interest
575 rates, at terms not to exceed ten (10) years after project

576 completion; the interest rate may vary from time to time and from
577 loan to loan at the discretion of the commission.

578 (ii) Periodic principal and interest payments will
579 commence when required by the commission but not later than one
580 (1) year after project completion and all loans will be fully
581 amortized when required by the commission but not later than ten
582 (10) years after project completion.

583 (iii) The recipient of a loan shall establish a
584 dedicated source of revenue for repayment of loans. In addition,
585 the commission may require any loan recipient to impose a per
586 connection surcharge on each customer for repayment of any loan
587 funds provided under this section.

588 (iv) The recipient of the loan is not in arrears
589 in repayments to the Water Pollution Control Revolving Fund, the
590 Water Pollution Control Emergency Loan Fund or under the Water
591 Pollution Abatement Loan Program.

592 (b) To provide financial assistance to political
593 subdivisions in making emergency improvements such as repairs to
594 or replacement of machinery, equipment, materials, structures or
595 devices in existing water pollution abatement projects or such
596 other emergency water pollution abatement projects as the
597 commission deems necessary.

598 (c) To defray the reasonable costs of administering the
599 emergency fund and conducting activities under this section,
600 subject to annual appropriation by the Legislature.

601 (4) The commission shall establish a system of evaluating
602 the eligibility of projects, including a determination of the
603 emergency nature of a situation for which funding is sought.

604 (5) The fund will be credited with all payments of principal
605 and interest derived from the fund uses described in subsection
606 (3) of this section. However, notwithstanding any other provision
607 of law to the contrary, all or any portion of payments of

608 principal and interest derived from the fund uses described in
609 subsection (3) of this section may be designated or pledged for
610 repayment of a loan as provided for in Section 31-25-28 in
611 connection with a loan from the Mississippi Development Bank.

612 (6) In addition to any amounts allowed under subsection
613 (3)(c), the commission may establish and collect fees to further
614 defray the reasonable costs of administering the emergency fund.
615 Any administrative fees may be included in loan amounts to
616 political subdivisions for the purpose of facilitating payment to
617 the commission; fees may not exceed five percent (5%) of the loan
618 amount. The commission may also use administrative fees collected
619 pursuant to Section 49-17-85 to defray the reasonable costs of
620 administering the emergency fund.

621 **SECTION 5.** This act shall take effect and be in force from
622 and after July 1, 2004, and shall stand repealed from and after
623 June 30, 2004.

**Further, amend by striking the title in its entirety and
inserting in lieu thereof the following:**

1 AN ACT TO AMEND SECTION 31-25-28, MISSISSIPPI CODE OF 1972,
2 TO AUTHORIZE THE DEPARTMENT OF ENVIRONMENTAL QUALITY TO BORROW
3 MONEY FROM THE MISSISSIPPI DEVELOPMENT BANK FOR THE PURPOSE OF
4 PROVIDING FUNDS FOR LOAN PROGRAMS ADMINISTERED BY SUCH AGENCY; TO
5 PROVIDE THAT THE DEPARTMENT OF ENVIRONMENTAL QUALITY MAY PLEDGE
6 FUNDS RECEIVED BY IT AS LOAN REPAYMENTS UNDER SUCH A LOAN PROGRAM
7 TO REPAY ANY LOAN MADE BY THE MISSISSIPPI DEVELOPMENT BANK TO THE
8 DEPARTMENT OF ENVIRONMENTAL QUALITY; TO EXEMPT LOANS MADE BY THE
9 MISSISSIPPI DEVELOPMENT BANK UNDER THIS ACT FROM CERTAIN CRITERIA
10 REQUIRED FOR OTHER LOANS MADE BY THE BANK TO THE DEPARTMENT OF
11 ENVIRONMENTAL QUALITY; TO AMEND SECTIONS 31-25-27, 49-17-85 AND
12 49-17-86, MISSISSIPPI CODE OF 1972, IN CONFORMITY TO THE
13 PROVISIONS OF THIS ACT; AND FOR RELATED PURPOSES.