

By: Representatives Reynolds,  
Watson, Dedeaux, Franks,  
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To: Ways and Means

COMMITTEE SUBSTITUTE  
FOR  
HOUSE BILL NO. 29

1 AN ACT TO AMEND SECTIONS 17-21-51 AND 17-21-53, MISSISSIPPI  
2 CODE OF 1972, TO REVISE THE PURPOSES FOR WHICH COUNTIES AND  
3 MUNICIPALITIES LOCATED IN COUNTIES COVERED BY THE PRESIDENTIAL  
4 DECLARATION OF MAJOR DISASTER FOR THE STATE OF MISSISSIPPI DATED  
5 AUGUST 29, 2005, MAY ISSUE CERTAIN NEGOTIABLE NOTES AND  
6 CERTIFICATES OF INDEBTEDNESS; TO PROVIDE THAT SUCH NOTES AND  
7 CERTIFICATES MAY BE OFFERED AT PUBLIC OR PRIVATE SALE; TO INCREASE  
8 THE MAXIMUM TOTAL INDEBTEDNESS THAT SUCH COUNTIES AND  
9 MUNICIPALITIES MAY INCUR AND TO EXEMPT SUCH NOTES AND CERTIFICATES  
10 FROM CERTAIN DEBT LIMITATIONS; TO REVISE THE MAXIMUM MATURITY FOR  
11 SUCH NOTES AND CERTIFICATES; TO AMEND SECTIONS 31-15-7, 31-15-9,  
12 31-15-17, 31-15-21 and 31-15-25, MISSISSIPPI CODE OF 1972, TO  
13 REVISE THE MAXIMUM INTEREST RATE FOR REFUNDING BONDS ISSUED BY  
14 POLITICAL SUBDIVISIONS; TO REVISE THE TERMS UNDER WHICH REFUNDING  
15 BONDS MAY BE ISSUED BY POLITICAL SUBDIVISIONS LOCATED IN COUNTIES  
16 COVERED BY THE PRESIDENTIAL DECLARATION OF MAJOR DISASTER FOR THE  
17 STATE OF MISSISSIPPI DATED AUGUST 29, 2005; TO PROVIDE THAT ANY  
18 SUCH POLITICAL SUBDIVISION THAT HAS ISSUED TAX INCREMENT, SPECIAL  
19 ASSESSMENT OR OTHER SPECIAL OR LIMITED OBLIGATION BONDS BEFORE  
20 AUGUST 29, 2005, MAY AS AN ALTERNATIVE TO ISSUING REFUNDING BONDS,  
21 MAKE PRINCIPAL AND INTEREST PAYMENTS ON SUCH BONDS FROM ANY  
22 AVAILABLE FUNDS OF THE POLITICAL SUBDIVISION; TO PROVIDE THAT  
23 REFUNDING BONDS OF COUNTIES AND MUNICIPALITIES COVERED BY SUCH  
24 PRESIDENTIAL DECLARATION OF MAJOR DISASTER, MAY BE SECURED BY THE  
25 PLEDGE OF THE FULL FAITH, CREDIT AND RESOURCES OF THE COUNTY OR  
26 MUNICIPALITY; AND FOR RELATED PURPOSES.

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

28 **SECTION 1.** Section 17-21-51, Mississippi Code of 1972, is  
29 amended as follows:

30 17-21-51. (1) The board of supervisors of any county and  
31 the governing authorities of any municipality (both referred to in  
32 this article as "governing authority") are hereby authorized and  
33 empowered, in their discretion, to borrow money, pursuant to the  
34 provisions of this article, for the following purposes:

35 (a) To accomplish any purpose for which such governing  
36 authorities are otherwise authorized by law to issue bonds, notes  
37 or certificates of indebtedness; and

38 (b) To provide working capital, fund debt service  
39 payments and other expenditures required by law and pay costs

40 incurred by governing authorities as a result of a natural  
41 disaster. Such costs shall include, but not be limited to, debris  
42 removal and disposal, overtime wages paid to public employees, and  
43 the repair or replacement of public streets, roads and bridges,  
44 storm drains, water and sewer facilities and other public  
45 buildings, facilities and equipment. Money borrowed pursuant to  
46 this paragraph (b) may also be utilized as matching funds for  
47 federal or state disaster relief assistance.

48 (2) Except as otherwise provided in subsection (3) of this  
49 section, the total outstanding indebtedness incurred by a  
50 governing authority under this article at any one (1) time shall  
51 not exceed the greater of one percent (1%) of the assessed value  
52 of all taxable property located within the governing authority  
53 according to the last completed assessment for taxation or Two  
54 Hundred Fifty Thousand Dollars (\$250,000.00) or, in the case of  
55 the governing authorities located in any county covered by the  
56 Presidential Declaration of Major Disaster for the State of  
57 Mississippi (FEMA-1604-DR) dated August 29, 2005, the greater of  
58 two percent (2%) of the assessed value of all the taxable property  
59 located within the governing authority according to the last  
60 completed assessment for taxation or Two Hundred Fifty Thousand  
61 Dollars (\$250,000.00). The total outstanding indebtedness  
62 incurred by a governing authority as authorized under this  
63 subsection shall be included in computing the statutory limitation  
64 upon indebtedness which may be incurred by such governing  
65 authority.

66 (3) However, from and after August 29, 2005, through  
67 December 31, 2007, any borrowing pursuant to the provisions of  
68 this article by governing authorities located in any county  
69 covered by the Presidential Declaration of Major Disaster for the  
70 State of Mississippi (FEMA-1604-DR) dated August 29, 2005, shall  
71 not constitute an indebtedness of the governing authority within

72 the meaning of this subsection or any other constitutional,  
73 statutory or municipal charter limitation or restriction.

74 **SECTION 2.** Section 17-21-53, Mississippi Code of 1972, is  
75 amended as follows:

76 17-21-53. (1) Before any money is borrowed under the  
77 provisions of this article, the governing authority shall adopt a  
78 resolution declaring the necessity for such borrowing and  
79 specifying the purpose for which the money borrowed is to be  
80 expended, the amount to be borrowed, the date or dates of the  
81 maturity thereof, and how such indebtedness is to be evidenced.  
82 The resolution shall be certified over the signature of the head  
83 of the governing authority.

84 (2) The borrowing shall be evidenced by negotiable notes or  
85 certificates of indebtedness of the governing authority which  
86 shall be signed by the head and clerk of such governing authority.  
87 All such notes or certificates of indebtedness shall be offered at  
88 public sale by the governing authority after not less than ten  
89 (10) days' advertising in a newspaper having general circulation  
90 within the governing authority. Each sale shall be made to the  
91 bidder offering the lowest rate of interest or whose bid  
92 represents the lowest net cost to the governing authority;  
93 however, the rate of interest shall not exceed that now or  
94 hereafter authorized in Section 75-17-101, Mississippi Code of  
95 1972. No such notes or certificates of indebtedness shall be  
96 issued and sold for less than par and accrued interest. All notes  
97 or certificates of indebtedness shall mature in approximately  
98 equal installments of principal and interest over a period not to  
99 exceed five (5) years from the dates of the issuance thereof.  
100 Principal shall be payable annually, and interest shall be payable  
101 annually or semiannually; provided, however, that the first  
102 payment of principal or interest may be for any period not  
103 exceeding one (1) year. Provided, however, if negotiable notes  
104 are outstanding from not more than one (1) previous issue

105 authorized under the provisions of this article, then the schedule  
106 of payments for a new or supplementary issue may be so adjusted  
107 that the schedule of maturities of all notes or series of notes  
108 hereunder shall, when combined, mature in approximately equal  
109 installments of principal and interest over a period of five (5)  
110 years from the date of the new or supplementary issue, or if a  
111 lower interest rate will thereby be secured on notes previously  
112 issued and outstanding, a portion of the proceeds of any issue  
113 authorized hereunder may be used to refund the balance of the  
114 indebtedness previously issued under the authority of this  
115 article. Such notes or certificates of indebtedness shall be  
116 issued in such form and in such denominations as may be determined  
117 by the governing authority and may be made payable at the office  
118 of any bank or trust company selected by the governing authority.  
119 In such case, funds for the payment of principal and interest due  
120 thereon shall be provided in the same manner provided by law for  
121 the payment of the principal and interest due on bonds issued by  
122 the governing authority.

123 (3) For the prompt payment of notes or certificates of  
124 indebtedness at maturity, both principal and interest, the full  
125 faith, credit and resources of the issuing entity are pledged. If  
126 the issuing entity does not have available funds in an amount  
127 sufficient to provide for the payment of principal and interest  
128 according to the terms of such notes or certificates of  
129 indebtedness, then the governing authority shall annually levy a  
130 special tax upon all of its taxable property at a rate the avails  
131 of which will be sufficient to provide such payment. Funds  
132 derived from any such tax shall be paid into a sinking fund and  
133 used exclusively for the payment of principal of and interest on  
134 the notes or certificates of indebtedness. Until needed for  
135 expenditure, monies in the sinking fund may be invested in the  
136 same manner as the governing authority is elsewhere authorized by  
137 law to invest surplus funds.

138       (4) Notwithstanding the provisions of subsection (2) of this  
139 section, from and after August 29, 2005, through December 31,  
140 2007, any governing authority located in any county covered by the  
141 Presidential Declaration of Major Disaster for the State of  
142 Mississippi (FEMA-1604-DR) dated August 29, 2005, may offer such  
143 notes or certificates of indebtedness at private or public sale at  
144 such price or prices, at such interest rate or rates, in such  
145 manner and at such times as may be agreed to by the governing  
146 authority and purchaser of the notes or certificates. Such notes  
147 or certificates of indebtedness shall mature over a period of not  
148 to exceed ten (10) years from the dates of issuance and may be  
149 structured to defer payment of principal and interest for a period  
150 not to exceed five (5) years.

151       **SECTION 3.** Section 31-15-7, Mississippi Code of 1972, is  
152 amended as follows:

153       31-15-7. Such refunding bonds shall bear such rate or rates  
154 of interest as may be determined by the governing body \* \* \*;  
155 shall be in such denomination or denominations and form as may be  
156 determined by resolution or order of the governing authority; and  
157 shall be executed in behalf of the subdivision by such officer or  
158 officers thereof as may be determined in such resolution or order.  
159 The interest to accrue on such refunding bonds shall be  
160 represented by coupons to be attached thereto, which may be  
161 executed by the facsimile signature of such officer or officers.  
162 All such bonds shall be made to mature serially, beginning not  
163 more than five (5) years and running not longer than thirty (30)  
164 years after their date, with not less than one per cent (1%) of  
165 the total issue to mature each year during the first six (6)  
166 years, beginning in the fifth year, after the date of such bonds;  
167 not less than three per cent (3%) of the said total issue to  
168 mature annually during the next succeeding ten-year period of the  
169 life of such bonds; and not less than five per cent (5%) of said  
170 total issue to mature annually during the next succeeding ten-year

171 period of the life of the bonds. However, from and after August  
172 29, 2005, through December 31, 2007, any political subdivision  
173 located in a county covered by the Presidential Declaration of  
174 Major Disaster for the State of Mississippi (FEMA-1604-DR) dated  
175 August 29, 2005, may issue such refunding bonds as term or serial  
176 bonds at such price or prices, at such interest rate or rates, in  
177 such manner, at such times, and in accordance with such terms and  
178 provisions as may be agreed to by the governing authority of the  
179 political subdivision and the purchasers of the refunding bonds,  
180 and such issue of refunding bonds may provide that no principal or  
181 interest may be due for a period not to exceed five (5) years  
182 after the issue date.

183       **SECTION 4.** Section 31-15-9, Mississippi Code of 1972, is  
184 amended as follows:

185       31-15-9. The resolution or order providing for the issuance  
186 of such bonds may reserve unto the governing authority the right  
187 to call in, pay, and redeem such bonds in the inverse order of  
188 their numbers and maturities, prior to the maturity date or dates  
189 thereof on any interest payment date. Whenever it is desired to  
190 exercise the aforesaid right, if reserved in such resolution or  
191 order, the governing authority shall cause written notice thereof  
192 to be delivered to the bank or office at which such bonds are  
193 payable. Such notice shall be so delivered not less than thirty  
194 (30) days prior to the interest payment date designated for the  
195 redemption of such bonds, after which date so designated, no  
196 further interest shall accrue on the bonds so called for  
197 redemption. Such refunding bonds may be sold for not less than  
198 par and accrued interest, or may be exchanged at par for bonds and  
199 interest coupons to be refunded thereby.

200       The board of supervisors may accept county bonds,  
201 consolidated school district bonds, rural separate school district  
202 bonds or separate road district bonds, as the case may be, at not  
203 more than par and interest accruing thereon at the rate fixed in

204 the bonds to be refunded in exchange for said refunding county  
205 bonds, consolidated school district bonds, rural separate school  
206 district bonds or separate road district bonds, as the case may  
207 be. In accepting any bond in exchange for, or in payment of, any  
208 such refunding bond, no bond shall be accepted in such exchange or  
209 payment that is secured by the property of a smaller or different  
210 district, or other subdivision, than that securing the refunding  
211 bonds so issued. However, from and after August 29, 2005, through  
212 December 31, 2007, refunding bonds issued, sold or exchanged by  
213 any political subdivision located in a county covered by the  
214 Presidential Declaration of Major Disaster for the State of  
215 Mississippi (FEMA-1604-DR) dated August 29, 2005, may be issued,  
216 sold or exchanged for any price or prices and accrued interest as  
217 determined by any such political subdivision.

218 **SECTION 5.** Section 31-15-17, Mississippi Code of 1972, is  
219 amended as follows:

220 31-15-17. (1) Sections 31-15-1 through 31-15-27, without  
221 reference to any other statute, shall be deemed full and complete  
222 authority for the issuance of refunding bonds by political  
223 subdivisions of the state, and shall be construed as an additional  
224 and alternative method therefor. None of the present  
225 restrictions, requirements, conditions, or limitations of law  
226 applicable to the issuance of bonds by political subdivisions of  
227 this state shall apply to the issuance and sale or exchange of  
228 bonds under the aforesaid sections, and no proceedings shall be  
229 required for the issuance of such bonds other than those provided  
230 for and required herein. All powers necessary to be exercised by  
231 the governing authority of any such political subdivision in order  
232 to carry out the provisions of said sections are hereby conferred.

233 (2) From and after August 29, 2005, through December 31,  
234 2007, any political subdivision located in any county covered by  
235 the Presidential Declaration of Major Disaster for the State of  
236 Mississippi (FEMA-1604-DR) dated August 29, 2005, which has issued

237 (and there remain outstanding) any tax increment, special  
238 assessment or other special or limited obligation bonds prior to  
239 August 29, 2005, may, as an alternative to issuance of refunding  
240 bonds pursuant to Sections 31-15-1 through 31-15-27, make  
241 principal and interest payments as same accrue and mature on any  
242 outstanding tax increment, special assessment or other special or  
243 limited obligation bonds issued by such political subdivisions  
244 prior to August 29, 2005, from any available funds of the  
245 political subdivision, without regard to any limitations and  
246 restrictions as to the security and source of payment otherwise  
247 imposed by statute or law or that may be provided in the issuing  
248 documents of such tax increment, special assessment or other  
249 special or limited obligation bonds.

250       **SECTION 6.** Section 31-15-21, Mississippi Code of 1972, is  
251 amended as follows:

252       31-15-21. Any bonds heretofore or hereafter issued under  
253 authority of Sections 21-27-11, 21-27-23, 21-27-41 through  
254 21-27-43, or revenue bonds payable from funds other than the  
255 proceeds of ad valorem taxes heretofore or hereafter issued under  
256 authority of any other law of the State of Mississippi may be  
257 refunded upon surrender, whether such bonds are due, optional, or  
258 not yet matured. Such refunding bonds shall be negotiable, shall  
259 be authorized by resolution adopted by the board or governing body  
260 which shall have authorized the bonds that are being refunded, and  
261 may either be delivered in exchange for the bonds to be refunded  
262 or sold at not less than par and the proceeds applied to the  
263 retirement of such bonds. However, from and after August 29, 2005  
264 through December 31, 2007, such refunding bonds issued, sold or  
265 exchanged by any political subdivision located in a county covered  
266 by the Presidential Declaration of Major Disaster for the State of  
267 Mississippi (FEMA-1604-DR) dated August 29, 2005, may be issued,  
268 sold or exchanged at such price or prices, and accrued interest,  
269 as may be determined by any such political subdivision.



270           **SECTION 7.** Section 31-15-25, Mississippi Code of 1972, is  
271 amended as follows:

272           31-15-25. Such refunding bonds shall be payable from the  
273 same sources of revenue and so far as possible shall be secured in  
274 the same manner and by the same covenants and agreements as were  
275 the bonds refunded. All provisions of the law under which the  
276 bonds refunded were issued, which provide for the security of such  
277 bonds and the requirements for fixing rates sufficient to operate  
278 the project acquired or improved and to pay principal of and  
279 interest on the bonds, shall remain in effect and shall be fully  
280 applicable to the refunding bonds issued hereunder. In no event  
281 shall taxes be levied for the payment of such bonds, and they  
282 shall recite on their face that they are payable only from  
283 revenues. However, from and after August 29, 2005, through  
284 December 31, 2007, payment of principal and interest on any  
285 refunding bonds issued, sold or exchanged pursuant to Sections  
286 31-15-21 through 31-15-27 by any county or municipality covered by  
287 the Presidential Declaration of Major Disaster for the State of  
288 Mississippi (FEMA-1604-DR) dated August 29, 2005, may, in the  
289 discretion of the issuing county or municipality, be further  
290 secured by the irrevocable pledge of the full faith, credit and  
291 resources of the county or municipality, and in such event, the  
292 governing body of the county or municipality issuing the refunding  
293 bonds, shall annually levy a tax upon all taxable property therein  
294 sufficient to pay the principal of and the interest on such  
295 refunding bonds as the same matures and accrues.

296           **SECTION 8.** This act shall take effect and be in force from  
297 and after its passage.