

By: Representatives Reynolds,
Watson, Dedeaux, Franks,
Rotenberry, Robinson (84th),
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To: Ways and Means

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

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

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

29 17-21-51. (1) The board of supervisors of any county and
30 the governing authorities of any municipality (both referred to in
31 this article as "governing authority") are hereby authorized and
32 empowered, in their discretion, to borrow money, pursuant to the
33 provisions of this article, for the following purposes:

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

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

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

47 (2) Except as otherwise provided in subsection (3) of this
48 section, the total outstanding indebtedness incurred by a
49 governing authority under this article at any one (1) time shall
50 not exceed the greater of one percent (1%) of the assessed value
51 of all taxable property located within the governing authority
52 according to the last completed assessment for taxation or Two
53 Hundred Fifty Thousand Dollars (\$250,000.00) and shall be included
54 in computing the statutory limitation upon indebtedness which may
55 be incurred by such governing authority.

56 (3) However, from and after August 29, 2005, through
57 December 31, 2007, any borrowing pursuant to the provisions of
58 this article by governing authorities located in any county
59 covered by the Presidential Declaration of Major Disaster for the
60 State of Mississippi (FEMA-1604-DR) dated August 29, 2005, shall
61 not constitute an indebtedness of the governing authority within
62 the meaning of this subsection or any other constitutional,
63 statutory or municipal charter limitation or restriction.

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

66 17-21-53. (1) Before any money is borrowed under the
67 provisions of this article, the governing authority shall adopt a
68 resolution declaring the necessity for such borrowing and
69 specifying the purpose for which the money borrowed is to be
70 expended, the amount to be borrowed, the date or dates of the
71 maturity thereof, and how such indebtedness is to be evidenced.

72 The resolution shall be certified over the signature of the head
73 of the governing authority.

74 (2) The borrowing shall be evidenced by negotiable notes or
75 certificates of indebtedness of the governing authority which
76 shall be signed by the head and clerk of such governing authority.
77 All such notes or certificates of indebtedness shall be offered at
78 public sale by the governing authority after not less than ten
79 (10) days' advertising in a newspaper having general circulation
80 within the governing authority. Each sale shall be made to the
81 bidder offering the lowest rate of interest or whose bid
82 represents the lowest net cost to the governing authority;
83 however, the rate of interest shall not exceed that now or
84 hereafter authorized in Section 75-17-101, Mississippi Code of
85 1972. No such notes or certificates of indebtedness shall be
86 issued and sold for less than par and accrued interest. All notes
87 or certificates of indebtedness shall mature in approximately
88 equal installments of principal and interest over a period not to
89 exceed five (5) years from the dates of the issuance thereof.
90 Principal shall be payable annually, and interest shall be payable
91 annually or semiannually; provided, however, that the first
92 payment of principal or interest may be for any period not
93 exceeding one (1) year. Provided, however, if negotiable notes
94 are outstanding from not more than one (1) previous issue
95 authorized under the provisions of this article, then the schedule
96 of payments for a new or supplementary issue may be so adjusted
97 that the schedule of maturities of all notes or series of notes
98 hereunder shall, when combined, mature in approximately equal
99 installments of principal and interest over a period of five (5)
100 years from the date of the new or supplementary issue, or if a
101 lower interest rate will thereby be secured on notes previously
102 issued and outstanding, a portion of the proceeds of any issue
103 authorized hereunder may be used to refund the balance of the
104 indebtedness previously issued under the authority of this

105 article. Such notes or certificates of indebtedness shall be
106 issued in such form and in such denominations as may be determined
107 by the governing authority and may be made payable at the office
108 of any bank or trust company selected by the governing authority.
109 In such case, funds for the payment of principal and interest due
110 thereon shall be provided in the same manner provided by law for
111 the payment of the principal and interest due on bonds issued by
112 the governing authority.

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

128 (4) Notwithstanding the provisions of subsection (2) of this
129 section, from and after August 29, 2005, through December 31,
130 2007, any governing authority located in any county covered by the
131 Presidential Declaration of Major Disaster for the State of
132 Mississippi (FEMA-1604-DR) dated August 29, 2005, may offer such
133 notes or certificates of indebtedness at private or public sale at
134 such price or prices, at such interest rate or rates, in such
135 manner and at such times as may be agreed to by the governing
136 authority and purchaser of the notes or certificates. Such notes
137 or certificates of indebtedness shall mature over a period of not

138 to exceed ten (10) years from the dates of issuance and may be
139 structured to defer payment of principal and interest for a period
140 not to exceed five (5) years.

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

143 31-15-7. Such refunding bonds shall bear such rate or rates
144 of interest as may be determined by the governing body * * *;
145 shall be in such denomination or denominations and form as may be
146 determined by resolution or order of the governing authority; and
147 shall be executed in behalf of the subdivision by such officer or
148 officers thereof as may be determined in such resolution or order.
149 The interest to accrue on such refunding bonds shall be
150 represented by coupons to be attached thereto, which may be
151 executed by the facsimile signature of such officer or officers.
152 All such bonds shall be made to mature serially, beginning not
153 more than five (5) years and running not longer than thirty (30)
154 years after their date, with not less than one per cent (1%) of
155 the total issue to mature each year during the first six (6)
156 years, beginning in the fifth year, after the date of such bonds;
157 not less than three per cent (3%) of the said total issue to
158 mature annually during the next succeeding ten-year period of the
159 life of such bonds; and not less than five per cent (5%) of said
160 total issue to mature annually during the next succeeding ten-year
161 period of the life of the bonds. However, from and after August
162 29, 2005, through December 31, 2007, any political subdivision
163 located in a county covered by the Presidential Declaration of
164 Major Disaster for the State of Mississippi (FEMA-1604-DR) dated
165 August 29, 2005, may issue such refunding bonds as term or serial
166 bonds at such price or prices, at such interest rate or rates, in
167 such manner, at such times, and in accordance with such terms and
168 provisions as may be agreed to by the governing authority of the
169 political subdivision and the purchasers of the refunding bonds,
170 and such issue of refunding bonds may provide that no principal or

171 interest may be due for a period not to exceed five (5) years
172 after the issue date.

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

175 31-15-9. The resolution or order providing for the issuance
176 of such bonds may reserve unto the governing authority the right
177 to call in, pay, and redeem such bonds in the inverse order of
178 their numbers and maturities, prior to the maturity date or dates
179 thereof on any interest payment date. Whenever it is desired to
180 exercise the aforesaid right, if reserved in such resolution or
181 order, the governing authority shall cause written notice thereof
182 to be delivered to the bank or office at which such bonds are
183 payable. Such notice shall be so delivered not less than thirty
184 (30) days prior to the interest payment date designated for the
185 redemption of such bonds, after which date so designated, no
186 further interest shall accrue on the bonds so called for
187 redemption. Such refunding bonds may be sold for not less than
188 par and accrued interest, or may be exchanged at par for bonds and
189 interest coupons to be refunded thereby.

190 The board of supervisors may accept county bonds,
191 consolidated school district bonds, rural separate school district
192 bonds or separate road district bonds, as the case may be, at not
193 more than par and interest accruing thereon at the rate fixed in
194 the bonds to be refunded in exchange for said refunding county
195 bonds, consolidated school district bonds, rural separate school
196 district bonds or separate road district bonds, as the case may
197 be. In accepting any bond in exchange for, or in payment of, any
198 such refunding bond, no bond shall be accepted in such exchange or
199 payment that is secured by the property of a smaller or different
200 district, or other subdivision, than that securing the refunding
201 bonds so issued. However, from and after August 29, 2005, through
202 December 31, 2007, refunding bonds issued, sold or exchanged by
203 any political subdivision located in a county covered by the

204 Presidential Declaration of Major Disaster for the State of
205 Mississippi (FEMA-1604-DR) dated August 29, 2005, may be issued,
206 sold or exchanged for any price or prices and accrued interest as
207 determined by any such political subdivision.

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

210 31-15-17. (1) Sections 31-15-1 through 31-15-27, without
211 reference to any other statute, shall be deemed full and complete
212 authority for the issuance of refunding bonds by political
213 subdivisions of the state, and shall be construed as an additional
214 and alternative method therefor. None of the present
215 restrictions, requirements, conditions, or limitations of law
216 applicable to the issuance of bonds by political subdivisions of
217 this state shall apply to the issuance and sale or exchange of
218 bonds under the aforesaid sections, and no proceedings shall be
219 required for the issuance of such bonds other than those provided
220 for and required herein. All powers necessary to be exercised by
221 the governing authority of any such political subdivision in order
222 to carry out the provisions of said sections are hereby conferred.

223 (2) From and after August 29, 2005, through December 31,
224 2007, any political subdivision located in any county covered by
225 the Presidential Declaration of Major Disaster for the State of
226 Mississippi (FEMA-1604-DR) dated August 29, 2005, which has issued
227 (and there remain outstanding) any tax increment, special
228 assessment or other special or limited obligation bonds prior to
229 August 29, 2005, may, as an alternative to issuance of refunding
230 bonds pursuant to Sections 31-15-1 through 31-15-27, make
231 principal and interest payments as same accrue and mature on any
232 outstanding tax increment, special assessment or other special or
233 limited obligation bonds issued by such political subdivisions
234 prior to August 29, 2005, from any available funds of the
235 political subdivision, without regard to any limitations and
236 restrictions as to the security and source of payment otherwise

237 imposed by statute or law or that may be provided in the issuing
238 documents of such tax increment, special assessment or other
239 special or limited obligation bonds.

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

242 31-15-21. Any bonds heretofore or hereafter issued under
243 authority of Sections 21-27-11, 21-27-23, 21-27-41 through
244 21-27-43, or revenue bonds payable from funds other than the
245 proceeds of ad valorem taxes heretofore or hereafter issued under
246 authority of any other law of the State of Mississippi may be
247 refunded upon surrender, whether such bonds are due, optional, or
248 not yet matured. Such refunding bonds shall be negotiable, shall
249 be authorized by resolution adopted by the board or governing body
250 which shall have authorized the bonds that are being refunded, and
251 may either be delivered in exchange for the bonds to be refunded
252 or sold at not less than par and the proceeds applied to the
253 retirement of such bonds. However, from and after August 29, 2005
254 through December 31, 2007, such refunding bonds issued, sold or
255 exchanged by any political subdivision located in a county covered
256 by the Presidential Declaration of Major Disaster for the State of
257 Mississippi (FEMA-1604-DR) dated August 29, 2005, may be issued,
258 sold or exchanged at such price or prices, and accrued interest,
259 as may be determined by any such political subdivision.

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

262 31-15-25. Such refunding bonds shall be payable from the
263 same sources of revenue and so far as possible shall be secured in
264 the same manner and by the same covenants and agreements as were
265 the bonds refunded. All provisions of the law under which the
266 bonds refunded were issued, which provide for the security of such
267 bonds and the requirements for fixing rates sufficient to operate
268 the project acquired or improved and to pay principal of and
269 interest on the bonds, shall remain in effect and shall be fully

270 applicable to the refunding bonds issued hereunder. In no event
271 shall taxes be levied for the payment of such bonds, and they
272 shall recite on their face that they are payable only from
273 revenues. However, from and after August 29, 2005, through
274 December 31, 2007, payment of principal and interest on any
275 refunding bonds issued, sold or exchanged pursuant to Sections
276 31-15-21 through 31-15-27 by any county or municipality covered by
277 the Presidential Declaration of Major Disaster for the State of
278 Mississippi (FEMA-1604-DR) dated August 29, 2005, may, in the
279 discretion of the issuing county or municipality, be further
280 secured by the irrevocable pledge of the full faith, credit and
281 resources of the county or municipality, and in such event, the
282 governing body of the county or municipality issuing the refunding
283 bonds, shall annually levy a tax upon all taxable property therein
284 sufficient to pay the principal of and the interest on such
285 refunding bonds as the same matures and accrues.

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