

By: Representatives Brown, Akins, Aldridge, Broomfield, Buck, Burnett, Calhoun, Carlton, Clark, Clarke, Dickson, Frierson, Harrison, Holloway, Jennings, Lott, Markham, Martinson, Mayo, Montgomery, Morris, Myers, Parker, Reeves, Rogers (61st), Thomas, Ward, Warren, Weathersby, Whittington

To: Education

COMMITTEE SUBSTITUTE
 FOR
 HOUSE BILL NO. 39

1 AN ACT TO AMEND SECTION 37-57-108, MISSISSIPPI CODE OF 1972,
 2 TO INCREASE THE LIMIT OF THE AMOUNT OF MONEY ALLOWED TO BE
 3 BORROWED BY CERTAIN SCHOOL DISTRICTS; TO AMEND SECTION 27-39-333,
 4 MISSISSIPPI CODE OF 1972, TO INCREASE THE LENGTH OF TIME FOR
 5 CERTAIN DISTRICTS TO REPAY FUNDS IF THERE HAS BEEN A REVENUE
 6 SHORTFALL; TO AMEND SECTION 37-59-111, MISSISSIPPI CODE OF 1972,
 7 TO PROVIDE THAT NOTES OR CERTIFICATES OF INDEBTEDNESS FOR CERTAIN
 8 PURPOSES FOR CERTAIN SCHOOL DISTRICTS DO NOT HAVE TO BE PAID BACK
 9 IN EQUAL INSTALLMENTS; AND FOR RELATED PURPOSES.

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

11 **SECTION 1.** Section 37-57-108, Mississippi Code of 1972, is
 12 amended as follows:

13 **[From and after the effective date of this act through June**
 14 **30, 2007, this act shall read as follows:]**

15 37-57-108. (1) In the event that the amount of revenue
 16 collected or estimated to be collected from local sources, on
 17 behalf of a school district during a fiscal year, is less than the
 18 amount provided for in the duly adopted budget of said school
 19 district for the fiscal year, then the school district may issue
 20 promissory notes in an amount and in the manner set forth in
 21 Section 27-39-333, not to exceed the estimated shortfall of
 22 revenue from local sources, but in no event to exceed twenty-five
 23 percent (25%) of its budget anticipated to be funded from the
 24 sources of the shortfall for the fiscal year. A school district
 25 issuing notes under the provisions of this section shall not be
 26 required to publish notice of its intention to do so or to secure
 27 the consent of the qualified electors or the tax levying authority
 28 of such school district.

29 (2) If the amount of revenue collected or estimated to be
 30 collected from local sources, on behalf of a school district

31 during a fiscal year, is less than the amount provided for in the
32 duly adopted budget of the school district for the fiscal year as
33 a result of a natural disaster, then the school district may issue
34 promissory notes in an amount and in the manner set forth in
35 Section 27-39-333, not to exceed the estimated shortfall of
36 revenue from local sources, but in no event to exceed fifty
37 percent (50%) of its budget anticipated to be funded from the
38 sources of the shortfall for the fiscal year; however, in Hancock,
39 Harrison and Jackson counties, the promissory notes may not exceed
40 eighty percent (80%) of its budget anticipated to be funded from
41 the sources of the shortfall for the fiscal year. In order for a
42 school district to issue notes under the provisions of this
43 section, the superintendent must recommend such action to the
44 school board and the board must duly adopt and enter upon its
45 official minutes a resolution setting forth specific findings as
46 to how the district meets the requirements of this section.

47 **[From and after July 1, 2007, this act shall read as**
48 **follows:]**

49 37-57-108. In the event that the amount of revenue collected
50 or estimated to be collected from local sources, on behalf of a
51 school district during a fiscal year, is less than the amount
52 provided for in the duly adopted budget of said school district
53 for the fiscal year, then the school district may issue promissory
54 notes in an amount and in the manner set forth in Section
55 27-39-333, not to exceed the estimated shortfall of revenue from
56 local sources, but in no event to exceed twenty-five percent (25%)
57 of its budget anticipated to be funded from the sources of the
58 shortfall for the fiscal year. A school district issuing notes
59 under the provisions of this section shall not be required to
60 publish notice of its intention to do so or to secure the consent
61 of the qualified electors or the tax levying authority of such
62 school district.

63 **SECTION 2.** Section 27-39-333, Mississippi Code of 1972, is
64 amended as follows:

65 **[From and after the effective date of this act through June**
66 **30, 2007, this act shall read as follows:]**

67 27-39-333. (1) For purposes of this section, the following
68 terms shall have the meanings ascribed herein:

69 (a) "Political subdivision" means any political
70 subdivision which receives ad valorem tax revenue.

71 (b) "Levying authority" means any political subdivision
72 having legal authority to levy ad valorem taxes for its operation
73 or for the operation of another political subdivision.

74 (2) Any political subdivision which, during a fiscal year,
75 estimates that the amount of the ad valorem taxes or other
76 anticipated revenue from local sources to be collected therein is
77 less than the amount estimated at the time of formulation of its
78 budget for the fiscal year due to circumstances which were
79 unanticipated at the time of formulation of the budget and which
80 will prevent the political subdivision from meeting its financial
81 obligations may, with the approval of the levying authority for
82 such political subdivision, issue promissory notes in an amount
83 equal to the estimated shortfall of ad valorem taxes and/or
84 revenue from local sources but in no event to exceed twenty-five
85 percent (25%) of its budget anticipated to be funded from the
86 sources of the shortfall for the fiscal year. However, if a
87 political subdivision which, during a fiscal year, estimates that
88 the amount of the ad valorem taxes or other anticipated revenue
89 from local sources to be collected therein is less than the amount
90 estimated at the time of formulation of its budget for the fiscal
91 year as a result of a natural disaster and which will prevent the
92 political subdivision from meeting its financial obligations may,
93 with the approval of the levying authority for such political
94 subdivision, issue promissory notes in an amount equal to the
95 estimated shortfall of ad valorem taxes and/or revenue from local

96 sources but in no event to exceed fifty percent (50%) of its
97 budget anticipated to be funded from the sources of the shortfall
98 for the fiscal year; however, in Hancock, Harrison and Jackson
99 counties, the promissory notes shall not exceed eighty (80%) of
100 its budget anticipated to be funded from sources of the shortfall.

101 (3) The proceeds of such notes shall be used in the budget
102 or budgets in which the shortfall occurred and shall be used
103 solely to offset the shortfall in such budgets for the fiscal
104 year. The rate of interest paid thereon shall not exceed that
105 amount set forth in Section 75-17-105, Mississippi Code of 1972.
106 The indebtedness shall be repaid in full, including interest
107 thereon, in equal installments, during the three (3) fiscal years
108 next succeeding the fiscal year in which the notes were issued.
109 However, if the proceeds of such notes used in the budget or
110 budgets in which the shortfall occurred as a result of a natural
111 disaster, the indebtedness shall be repaid in full, including
112 interest thereon, during the seven (7) fiscal years next
113 succeeding the fiscal year in which the notes were issued. For
114 the payment of such indebtedness, the levying authority for the
115 political subdivision shall, at its next regular meeting at which
116 ad valorem taxes are lawfully levied, levy an ad valorem tax
117 sufficient to repay the indebtedness in full, including interest.
118 The proceeds of the notes shall be included as proceeds of ad
119 valorem taxes for the purposes of the limitation on increases in
120 revenue for the next succeeding fiscal year under Section
121 27-39-305, 27-39-320, 27-39-321 or 37-57-107, Mississippi Code of
122 1972, whichever is applicable depending upon the purpose for which
123 such proceeds are used.

124 (4) Any notes issued under this section prior to the
125 effective date of Laws 1987, Chapter 507, shall be repaid as
126 provided in Section 28, Chapter 514, Laws of 1985.

127 (5) For the purposes of Sections 27-39-305, 27-39-320,
128 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when

129 used in connection with the amount of funds generated in a
130 preceding fiscal year shall include excess receipts collected in
131 the next preceding fiscal year and deposited into a special
132 account under Section 27-39-323.

133 **[From and after July 1, 2007, this act shall read as**
134 **follows:]**

135 27-39-333. (1) For purposes of this section, the following
136 terms shall have the meanings ascribed herein:

137 (a) "Political subdivision" means any political
138 subdivision which receives ad valorem tax revenue.

139 (b) "Levying authority" means any political subdivision
140 having legal authority to levy ad valorem taxes for its operation
141 or for the operation of another political subdivision.

142 (2) Any political subdivision which, during a fiscal year,
143 estimates that the amount of the ad valorem taxes or other
144 anticipated revenue from local sources to be collected therein is
145 less than the amount estimated at the time of formulation of its
146 budget for the fiscal year due to circumstances which were
147 unanticipated at the time of formulation of the budget and which
148 will prevent the political subdivision from meeting its financial
149 obligations may, with the approval of the levying authority for
150 such political subdivision, issue promissory notes in an amount
151 equal to the estimated shortfall of ad valorem taxes and/or
152 revenue from local sources but in no event to exceed twenty-five
153 percent (25%) of its budget anticipated to be funded from the
154 sources of the shortfall for the fiscal year.

155 (3) The proceeds of such notes shall be used in the budget
156 or budgets in which the shortfall occurred and shall be used
157 solely to offset the shortfall in such budgets for the fiscal
158 year. The rate of interest paid thereon shall not exceed that
159 amount set forth in Section 75-17-105, Mississippi Code of 1972.
160 The indebtedness shall be repaid in full, including interest
161 thereon, in equal installments, during the three (3) fiscal years

162 next succeeding the fiscal year in which the notes were issued.
163 For the payment of such indebtedness, the levying authority for
164 the political subdivision shall, at its next regular meeting at
165 which ad valorem taxes are lawfully levied, levy an ad valorem tax
166 sufficient to repay the indebtedness in full, including interest.
167 The proceeds of the notes shall be included as proceeds of ad
168 valorem taxes for the purposes of the limitation on increases in
169 revenue for the next succeeding fiscal year under Section
170 27-39-305, 27-39-320, 27-39-321 or 37-57-107, Mississippi Code of
171 1972, whichever is applicable depending upon the purpose for which
172 such proceeds are used.

173 (4) Any notes issued under this section prior to the
174 effective date of Laws 1987, Chapter 507, shall be repaid as
175 provided in Section 28, Chapter 514, Laws of 1985.

176 (5) For the purposes of Sections 27-39-305, 27-39-320,
177 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when
178 used in connection with the amount of funds generated in a
179 preceding fiscal year shall include excess receipts collected in
180 the next preceding fiscal year and deposited into a special
181 account under Section 27-39-323.

182 **SECTION 3.** Section 37-59-111, Mississippi Code of 1972, is
183 amended as follows:

184 **[From and after the effective date of this act through June**
185 **30, 2007, this act shall read as follows:]**

186 37-59-111. All indebtedness incurred under the provisions of
187 this article shall be evidenced by the negotiable notes or
188 certificates of indebtedness of the school district on whose
189 behalf the money is borrowed. Said notes or certificates of
190 indebtedness shall be signed by the president of the school board
191 and superintendent of schools of such school district. Such notes
192 or certificates of indebtedness shall not bear a greater overall
193 maximum interest rate to maturity than the rates now or hereafter

194 authorized under the provisions of Section 19-9-19. No such notes
195 or certificates of indebtedness shall be issued and sold for less
196 than par and accrued interest. All such notes or certificates of
197 indebtedness shall mature according to the following:

198 (a) All notes or certificates of indebtedness issued
199 for purposes authorized under Section 37-59-101, with the
200 exception of the financing of school buses and transportation
201 equipment, shall mature in approximately equal installments of
202 principal and interest over a period not to exceed twenty (20)
203 years from the date of issuance thereof. However, notes or
204 certificates of indebtedness issued as a result of a natural
205 disaster for purposes authorized under Section 37-59-101, with the
206 exception of the financing of school buses and transportation
207 equipment, shall mature over a period not to exceed twenty (20)
208 years from the date of issuance thereof. Provided, however, that
209 if negotiable notes used to finance other such capital
210 improvements are outstanding from not more than one (1) previous
211 issue authorized under the provisions of this article, then the
212 schedule of payments for a new or supplementary issue may be so
213 adjusted that the schedule of maturities of all notes or series of
214 notes hereunder shall, when combined, mature as provided herein
215 over a period of twenty (20) years from the date of the new or
216 supplementary issue, or if a lower interest rate will be secured
217 on notes previously issued and outstanding, a portion of the
218 proceeds of any issue authorized hereunder may be used to refund
219 the balance of the indebtedness previously issued under the
220 authority of this article.

221 (b) All notes or certificates of indebtedness for
222 purposes of financing of school buses and transportation equipment
223 shall mature in approximately equal installments of principal and
224 interest over a period not to exceed ten (10) years from the date
225 of issuance thereof. However, notes or certificates of
226 indebtedness issued as a result of a natural disaster for purposes

227 of financing of school buses and transportation equipment shall
228 mature over a period not to exceed ten (10) years from the date of
229 issuance thereof. Provided, however, that if negotiable notes
230 used to finance such noncapital improvements are outstanding from
231 not more than one (1) previous issue authorized under the
232 provisions of this article, then the schedule of payments for a
233 new or supplementary issue may be so adjusted that the schedule of
234 maturities of all notes or series of notes hereunder shall, when
235 combined, mature as provided herein over a period of ten (10)
236 years from the date of the new or supplementary issue, or if a
237 lower interest rate will thereby be secured on notes previously
238 issued and outstanding, a portion of the proceeds of any issue
239 authorized hereunder may be used to refund the balance of the
240 indebtedness previously issued under the authority of this
241 article.

242 Such notes or certificates of indebtedness shall be issued in
243 such form and in such denominations as may be determined by the
244 school board, and same may be made payable at the office of any
245 bank or trust company selected by the school board, and, in such
246 case, funds for the payment of principal and interest due thereon
247 shall be provided in the same manner provided by law for the
248 payment of the principal and interest due on bonds issued by the
249 taxing districts of this state.

250 **[From and after July 1, 2007, this act shall read as**
251 **follows:]**

252 37-59-111. All indebtedness incurred under the provisions of
253 this article shall be evidenced by the negotiable notes or
254 certificates of indebtedness of the school district on whose
255 behalf the money is borrowed. Said notes or certificates of
256 indebtedness shall be signed by the president of the school board
257 and superintendent of schools of such school district. Such notes
258 or certificates of indebtedness shall not bear a greater overall
259 maximum interest rate to maturity than the rates now or hereafter

260 authorized under the provisions of Section 19-9-19. No such notes
261 or certificates of indebtedness shall be issued and sold for less
262 than par and accrued interest. All such notes or certificates of
263 indebtedness shall mature according to the following:

264 (a) All notes or certificates of indebtedness issued
265 for purposes authorized under Section 37-59-101, with the
266 exception of the financing of school buses and transportation
267 equipment, shall mature in approximately equal installments of
268 principal and interest over a period not to exceed twenty (20)
269 years from the date of issuance thereof. Provided, however, that
270 if negotiable notes used to finance other such capital
271 improvements are outstanding from not more than one (1) previous
272 issue authorized under the provisions of this article, then the
273 schedule of payments for a new or supplementary issue may be so
274 adjusted that the schedule of maturities of all notes or series of
275 notes hereunder shall, when combined, mature in approximately
276 equal installments of principal and interest over a period of
277 twenty (20) years from the date of the new or supplementary issue,
278 or if a lower interest rate will be secured on notes previously
279 issued and outstanding, a portion of the proceeds of any issue
280 authorized hereunder may be used to refund the balance of the
281 indebtedness previously issued under the authority of this
282 article.

283 (b) All notes or certificates of indebtedness for
284 purposes of financing of school buses and transportation equipment
285 shall mature in approximately equal installments of principal and
286 interest over a period not to exceed ten (10) years from the date
287 of issuance thereof. Provided, however, that if negotiable notes
288 used to finance such noncapital improvements are outstanding from
289 not more than one (1) previous issue authorized under the
290 provisions of this article, then the schedule of payments for a
291 new or supplementary issue may be so adjusted that the schedule of
292 maturities of all notes or series of notes hereunder shall, when

293 combined, mature in approximately equal installments of principal
294 and interest over a period of ten (10) years from the date of the
295 new or supplementary issue, or if a lower interest rate will
296 thereby be secured on notes previously issued and outstanding, a
297 portion of the proceeds of any issue authorized hereunder may be
298 used to refund the balance of the indebtedness previously issued
299 under the authority of this article.

300 Such notes or certificates of indebtedness shall be issued in
301 such form and in such denominations as may be determined by the
302 school board, and same may be made payable at the office of any
303 bank or trust company selected by the school board, and, in such
304 case, funds for the payment of principal and interest due thereon
305 shall be provided in the same manner provided by law for the
306 payment of the principal and interest due on bonds issued by the
307 taxing districts of this state.

308 **SECTION 4.** This act shall take effect and be in force from
309 and after its passage.