

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

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 SCHOOL DISTRICTS; TO AMEND SECTION 27-39-333,  
 4 MISSISSIPPI CODE OF 1972, TO INCREASE THE LENGTH OF TIME FOR  
 5 DISTRICTS TO REPAY FUNDS IF THERE HAS BEEN A REVENUE SHORTFALL;  
 6 AND FOR RELATED PURPOSES.

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

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

10 **[From and after the effective date of this act through June**  
 11 **30, 2007, this act shall read as follows:]**

12 37-57-108. In the event that the amount of revenue collected  
 13 or estimated to be collected from local sources, on behalf of a  
 14 school district during a fiscal year, is less than the amount  
 15 provided for in the duly adopted budget of said school district  
 16 for the fiscal year, then the school district may issue promissory  
 17 notes in an amount and in the manner set forth in Section  
 18 27-39-333, not to exceed the estimated shortfall of revenue from  
 19 local sources, but in no event to exceed fifty percent (50%) of  
 20 its budget anticipated to be funded from the sources of the  
 21 shortfall for the fiscal year. A school district issuing notes  
 22 under the provisions of this section shall not be required to  
 23 publish notice of its intention to do so or to secure the consent  
 24 of the qualified electors or the tax levying authority of such  
 25 school district.

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

28 37-57-108. In the event that the amount of revenue collected  
 29 or estimated to be collected from local sources, on behalf of a

30 school district during a fiscal year, is less than the amount  
31 provided for in the duly adopted budget of said school district  
32 for the fiscal year, then the school district may issue promissory  
33 notes in an amount and in the manner set forth in Section  
34 27-39-333, not to exceed the estimated shortfall of revenue from  
35 local sources, but in no event to exceed twenty-five percent (25%)  
36 of its budget anticipated to be funded from the sources of the  
37 shortfall for the fiscal year. A school district issuing notes  
38 under the provisions of this section shall not be required to  
39 publish notice of its intention to do so or to secure the consent  
40 of the qualified electors or the tax levying authority of such  
41 school district.

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

44 **[From and after the effective date of this act through June**  
45 **30, 2007, this act shall read as follows:]**

46 27-39-333. (1) For purposes of this section, the following  
47 terms shall have the meanings ascribed herein:

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

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

53 (2) Any political subdivision which, during a fiscal year,  
54 estimates that the amount of the ad valorem taxes or other  
55 anticipated revenue from local sources to be collected therein is  
56 less than the amount estimated at the time of formulation of its  
57 budget for the fiscal year due to circumstances which were  
58 unanticipated at the time of formulation of the budget and which  
59 will prevent the political subdivision from meeting its financial  
60 obligations may, with the approval of the levying authority for  
61 such political subdivision, issue promissory notes in an amount  
62 equal to the estimated shortfall of ad valorem taxes and/or

63 revenue from local sources but in no event to exceed fifty percent  
64 (50%) of its budget anticipated to be funded from the sources of  
65 the shortfall for the fiscal year.

66 (3) The proceeds of such notes shall be used in the budget  
67 or budgets in which the shortfall occurred and shall be used  
68 solely to offset the shortfall in such budgets for the fiscal  
69 year. The rate of interest paid thereon shall not exceed that  
70 amount set forth in Section 75-17-105, Mississippi Code of 1972.  
71 The indebtedness shall be repaid in full, including interest  
72 thereon, \* \* \* during the seven (7) fiscal years next succeeding  
73 the fiscal year in which the notes were issued. For the payment  
74 of such indebtedness, the levying authority for the political  
75 subdivision shall, at its next regular meeting at which ad valorem  
76 taxes are lawfully levied, levy an ad valorem tax sufficient to  
77 repay the indebtedness in full, including interest. The proceeds  
78 of the notes shall be included as proceeds of ad valorem taxes for  
79 the purposes of the limitation on increases in revenue for the  
80 next succeeding fiscal year under Section 27-39-305, 27-39-320,  
81 27-39-321 or 37-57-107, Mississippi Code of 1972, whichever is  
82 applicable depending upon the purpose for which such proceeds are  
83 used.

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

87 (5) For the purposes of Sections 27-39-305, 27-39-320,  
88 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when  
89 used in connection with the amount of funds generated in a  
90 preceding fiscal year shall include excess receipts collected in  
91 the next preceding fiscal year and deposited into a special  
92 account under Section 27-39-323.

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

95           27-39-333. (1) For purposes of this section, the following  
96 terms shall have the meanings ascribed herein:

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

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

102           (2) Any political subdivision which, during a fiscal year,  
103 estimates that the amount of the ad valorem taxes or other  
104 anticipated revenue from local sources to be collected therein is  
105 less than the amount estimated at the time of formulation of its  
106 budget for the fiscal year due to circumstances which were  
107 unanticipated at the time of formulation of the budget and which  
108 will prevent the political subdivision from meeting its financial  
109 obligations may, with the approval of the levying authority for  
110 such political subdivision, issue promissory notes in an amount  
111 equal to the estimated shortfall of ad valorem taxes and/or  
112 revenue from local sources but in no event to exceed twenty-five  
113 percent (25%) of its budget anticipated to be funded from the  
114 sources of the shortfall for the fiscal year.

115           (3) The proceeds of such notes shall be used in the budget  
116 or budgets in which the shortfall occurred and shall be used  
117 solely to offset the shortfall in such budgets for the fiscal  
118 year. The rate of interest paid thereon shall not exceed that  
119 amount set forth in Section 75-17-105, Mississippi Code of 1972.  
120 The indebtedness shall be repaid in full, including interest  
121 thereon, in equal installments, during the three (3) fiscal years  
122 next succeeding the fiscal year in which the notes were issued.  
123 For the payment of such indebtedness, the levying authority for  
124 the political subdivision shall, at its next regular meeting at  
125 which ad valorem taxes are lawfully levied, levy an ad valorem tax  
126 sufficient to repay the indebtedness in full, including interest.  
127 The proceeds of the notes shall be included as proceeds of ad

128 valorem taxes for the purposes of the limitation on increases in  
129 revenue for the next succeeding fiscal year under Section  
130 27-39-305, 27-39-320, 27-39-321 or 37-57-107, Mississippi Code of  
131 1972, whichever is applicable depending upon the purpose for which  
132 such proceeds are used.

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

136 (5) For the purposes of Sections 27-39-305, 27-39-320,  
137 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when  
138 used in connection with the amount of funds generated in a  
139 preceding fiscal year shall include excess receipts collected in  
140 the next preceding fiscal year and deposited into a special  
141 account under Section 27-39-323.

142 **SECTION 3.** This act shall take effect and be in force from  
143 and after its passage.