

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
(As Passed the House)

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; TO AUTHORIZE SCHOOL DISTRICTS TO BORROW
10 FROM THE UNITED STATES RURAL DEVELOPMENT AGENCY TO REPAIR AND
11 REMODEL EXISTING BUILDINGS; AND FOR RELATED PURPOSES.

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

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

15 **[From and after the effective date of this act through June**
16 **30, 2007, this act shall read as follows:]**

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

31 (2) If the amount of revenue collected or estimated to be
32 collected from local sources, on behalf of a school district
33 during a fiscal year, is less than the amount provided for in the
34 duly adopted budget of the school district for the fiscal year as
35 a result of a natural disaster, then the school district may issue
36 promissory notes in an amount and in the manner set forth in
37 Section 27-39-333, not to exceed the estimated shortfall of
38 revenue from local sources, but in no event to exceed fifty
39 percent (50%) of its budget anticipated to be funded from the
40 sources of the shortfall for the fiscal year; however, in Hancock,
41 Harrison and Jackson counties, the promissory notes may not exceed
42 eighty percent (80%) of its budget anticipated to be funded from
43 the sources of the shortfall for the fiscal year. In order for a
44 school district to issue notes under the provisions of this
45 section, the superintendent must recommend such action to the
46 school board and the board must duly adopt and enter upon its
47 official minutes a resolution setting forth specific findings as
48 to how the district meets the requirements of this section.
49 Before any such note is issued, the State Auditor of Public
50 Accounts must verify the findings of the board. The State Auditor
51 shall act within fourteen (14) days of submission of the board's
52 findings to him. Failure of the State Auditor to act to approve
53 or disapprove within fourteen (14) days of submission shall result
54 in the State Auditor's approval by operation of law.

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

57 37-57-108. In the event that the amount of revenue collected
58 or estimated to be collected from local sources, on behalf of a
59 school district during a fiscal year, is less than the amount
60 provided for in the duly adopted budget of said school district
61 for the fiscal year, then the school district may issue promissory
62 notes in an amount and in the manner set forth in Section
63 27-39-333, not to exceed the estimated shortfall of revenue from

64 local sources, but in no event to exceed twenty-five percent (25%)
65 of its budget anticipated to be funded from the sources of the
66 shortfall for the fiscal year. A school district issuing notes
67 under the provisions of this section shall not be required to
68 publish notice of its intention to do so or to secure the consent
69 of the qualified electors or the tax levying authority of such
70 school district.

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

73 **[From and after the effective date of this act through June**
74 **30, 2007, this act shall read as follows:]**

75 27-39-333. (1) For purposes of this section, the following
76 terms shall have the meanings ascribed herein:

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

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

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

97 from local sources to be collected therein is less than the amount
98 estimated at the time of formulation of its budget for the fiscal
99 year as a result of a natural disaster and which will prevent the
100 political subdivision from meeting its financial obligations may,
101 with the approval of the levying authority for such political
102 subdivision, issue promissory notes in an amount equal to the
103 estimated shortfall of ad valorem taxes and/or revenue from local
104 sources but in no event to exceed fifty percent (50%) of its
105 budget anticipated to be funded from the sources of the shortfall
106 for the fiscal year; however, in Hancock, Harrison and Jackson
107 counties, the promissory notes shall not exceed eighty (80%) of
108 its budget anticipated to be funded from sources of the shortfall.
109 Before any such note is issued, the State Auditor of Public
110 Accounts must verify the findings of the board. The State Auditor
111 shall act within fourteen (14) days of submission of the board's
112 findings to him. Failure of the State Auditor to act to approve
113 or disapprove within fourteen (14) days of submission shall result
114 in the State Auditor's approval by operation of law.

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 However, if the proceeds of such notes used in the budget or
124 budgets in which the shortfall occurred as a result of a natural
125 disaster, the indebtedness shall be repaid in full, including
126 interest thereon, during the seven (7) fiscal years next
127 succeeding the fiscal year in which the notes were issued. For
128 the payment of such indebtedness, the levying authority for the
129 political subdivision shall, at its next regular meeting at which

130 ad valorem taxes are lawfully levied, levy an ad valorem tax
131 sufficient to repay the indebtedness in full, including interest.
132 The proceeds of the notes shall be included as proceeds of ad
133 valorem taxes for the purposes of the limitation on increases in
134 revenue for the next succeeding fiscal year under Section
135 27-39-305, 27-39-320, 27-39-321 or 37-57-107, Mississippi Code of
136 1972, whichever is applicable depending upon the purpose for which
137 such proceeds are used.

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

141 (5) For the purposes of Sections 27-39-305, 27-39-320,
142 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when
143 used in connection with the amount of funds generated in a
144 preceding fiscal year shall include excess receipts collected in
145 the next preceding fiscal year and deposited into a special
146 account under Section 27-39-323.

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

149 27-39-333. (1) For purposes of this section, the following
150 terms shall have the meanings ascribed herein:

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

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

156 (2) Any political subdivision which, during a fiscal year,
157 estimates that the amount of the ad valorem taxes or other
158 anticipated revenue from local sources to be collected therein is
159 less than the amount estimated at the time of formulation of its
160 budget for the fiscal year due to circumstances which were
161 unanticipated at the time of formulation of the budget and which
162 will prevent the political subdivision from meeting its financial

163 obligations may, with the approval of the levying authority for
164 such political subdivision, issue promissory notes in an amount
165 equal to the estimated shortfall of ad valorem taxes and/or
166 revenue from local sources but in no event to exceed twenty-five
167 percent (25%) of its budget anticipated to be funded from the
168 sources of the shortfall for the fiscal year.

169 (3) The proceeds of such notes shall be used in the budget
170 or budgets in which the shortfall occurred and shall be used
171 solely to offset the shortfall in such budgets for the fiscal
172 year. The rate of interest paid thereon shall not exceed that
173 amount set forth in Section 75-17-105, Mississippi Code of 1972.
174 The indebtedness shall be repaid in full, including interest
175 thereon, in equal installments, during the three (3) fiscal years
176 next succeeding the fiscal year in which the notes were issued.
177 For the payment of such indebtedness, the levying authority for
178 the political subdivision shall, at its next regular meeting at
179 which ad valorem taxes are lawfully levied, levy an ad valorem tax
180 sufficient to repay the indebtedness in full, including interest.
181 The proceeds of the notes shall be included as proceeds of ad
182 valorem taxes for the purposes of the limitation on increases in
183 revenue for the next succeeding fiscal year under Section
184 27-39-305, 27-39-320, 27-39-321 or 37-57-107, Mississippi Code of
185 1972, whichever is applicable depending upon the purpose for which
186 such proceeds are used.

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

190 (5) For the purposes of Sections 27-39-305, 27-39-320,
191 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when
192 used in connection with the amount of funds generated in a
193 preceding fiscal year shall include excess receipts collected in
194 the next preceding fiscal year and deposited into a special
195 account under Section 27-39-323.

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

198 **[From and after the effective date of this act through June**
199 **30, 2007, this act shall read as follows:]**

200 37-59-111. All indebtedness incurred under the provisions of
201 this article shall be evidenced by the negotiable notes or
202 certificates of indebtedness of the school district on whose
203 behalf the money is borrowed. Said notes or certificates of
204 indebtedness shall be signed by the president of the school board
205 and superintendent of schools of such school district. Such notes
206 or certificates of indebtedness shall not bear a greater overall
207 maximum interest rate to maturity than the rates now or hereafter
208 authorized under the provisions of Section 19-9-19. No such notes
209 or certificates of indebtedness shall be issued and sold for less
210 than par and accrued interest. All such notes or certificates of
211 indebtedness shall mature according to the following:

212 (a) All notes or certificates of indebtedness issued
213 for purposes authorized under Section 37-59-101, with the
214 exception of the financing of school buses and transportation
215 equipment, shall mature in approximately equal installments of
216 principal and interest over a period not to exceed twenty (20)
217 years from the date of issuance thereof. However, notes or
218 certificates of indebtedness issued as a result of a natural
219 disaster for purposes authorized under Section 37-59-101, with the
220 exception of the financing of school buses and transportation
221 equipment, shall mature over a period not to exceed twenty (20)
222 years from the date of issuance thereof. Provided, however, that
223 if negotiable notes used to finance other such capital
224 improvements are outstanding from not more than one (1) previous
225 issue authorized under the provisions of this article, then the
226 schedule of payments for a new or supplementary issue may be so
227 adjusted that the schedule of maturities of all notes or series of
228 notes hereunder shall, when combined, mature as provided herein

229 over a period of twenty (20) years from the date of the new or
230 supplementary issue, or if a lower interest rate will be secured
231 on notes previously issued and outstanding, a portion of the
232 proceeds of any issue authorized hereunder may be used to refund
233 the balance of the indebtedness previously issued under the
234 authority of this article.

235 (b) All notes or certificates of indebtedness for
236 purposes of financing of school buses and transportation equipment
237 shall mature in approximately equal installments of principal and
238 interest over a period not to exceed ten (10) years from the date
239 of issuance thereof. However, notes or certificates of
240 indebtedness issued as a result of a natural disaster for purposes
241 of financing of school buses and transportation equipment shall
242 mature over a period not to exceed ten (10) years from the date of
243 issuance thereof. Provided, however, that if negotiable notes
244 used to finance such noncapital improvements are outstanding from
245 not more than one (1) previous issue authorized under the
246 provisions of this article, then the schedule of payments for a
247 new or supplementary issue may be so adjusted that the schedule of
248 maturities of all notes or series of notes hereunder shall, when
249 combined, mature as provided herein over a period of ten (10)
250 years from the date of the new or supplementary issue, or if a
251 lower interest rate will thereby be secured on notes previously
252 issued and outstanding, a portion of the proceeds of any issue
253 authorized hereunder may be used to refund the balance of the
254 indebtedness previously issued under the authority of this
255 article.

256 Such notes or certificates of indebtedness shall be issued in
257 such form and in such denominations as may be determined by the
258 school board, and same may be made payable at the office of any
259 bank or trust company selected by the school board, and, in such
260 case, funds for the payment of principal and interest due thereon
261 shall be provided in the same manner provided by law for the

262 payment of the principal and interest due on bonds issued by the
263 taxing districts of this state.

264 Any school district may borrow money from the United States
265 Department of Agriculture Rural Development agency to repair and
266 remodel existing buildings of the district.

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

269 37-59-111. All indebtedness incurred under the provisions of
270 this article shall be evidenced by the negotiable notes or
271 certificates of indebtedness of the school district on whose
272 behalf the money is borrowed. Said notes or certificates of
273 indebtedness shall be signed by the president of the school board
274 and superintendent of schools of such school district. Such notes
275 or certificates of indebtedness shall not bear a greater overall
276 maximum interest rate to maturity than the rates now or hereafter
277 authorized under the provisions of Section 19-9-19. No such notes
278 or certificates of indebtedness shall be issued and sold for less
279 than par and accrued interest. All such notes or certificates of
280 indebtedness shall mature according to the following:

281 (a) All notes or certificates of indebtedness issued
282 for purposes authorized under Section 37-59-101, with the
283 exception of the financing of school buses and transportation
284 equipment, shall mature in approximately equal installments of
285 principal and interest over a period not to exceed twenty (20)
286 years from the date of issuance thereof. Provided, however, that
287 if negotiable notes used to finance other such capital
288 improvements are outstanding from not more than one (1) previous
289 issue authorized under the provisions of this article, then the
290 schedule of payments for a new or supplementary issue may be so
291 adjusted that the schedule of maturities of all notes or series of
292 notes hereunder shall, when combined, mature in approximately
293 equal installments of principal and interest over a period of
294 twenty (20) years from the date of the new or supplementary issue,

295 or if a lower interest rate will be secured on notes previously
296 issued and outstanding, a portion of the proceeds of any issue
297 authorized hereunder may be used to refund the balance of the
298 indebtedness previously issued under the authority of this
299 article.

300 (b) All notes or certificates of indebtedness for
301 purposes of financing of school buses and transportation equipment
302 shall mature in approximately equal installments of principal and
303 interest over a period not to exceed ten (10) years from the date
304 of issuance thereof. Provided, however, that if negotiable notes
305 used to finance such noncapital improvements are outstanding from
306 not more than one (1) previous issue authorized under the
307 provisions of this article, then the schedule of payments for a
308 new or supplementary issue may be so adjusted that the schedule of
309 maturities of all notes or series of notes hereunder shall, when
310 combined, mature in approximately equal installments of principal
311 and interest over a period of ten (10) years from the date of the
312 new or supplementary issue, or if a lower interest rate will
313 thereby be secured on notes previously issued and outstanding, a
314 portion of the proceeds of any issue authorized hereunder may be
315 used to refund the balance of the indebtedness previously issued
316 under the authority of this article.

317 Such notes or certificates of indebtedness shall be issued in
318 such form and in such denominations as may be determined by the
319 school board, and same may be made payable at the office of any
320 bank or trust company selected by the school board, and, in such
321 case, funds for the payment of principal and interest due thereon
322 shall be provided in the same manner provided by law for the
323 payment of the principal and interest due on bonds issued by the
324 taxing districts of this state.

325 Any school district may borrow money from the United States
326 Department of Agriculture Rural Development agency to repair and
327 remodel existing buildings of the district.

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