

By: Representatives Watson,
Howell, Scott

To: Ways and Means

HOUSE BILL NO. 43
(As Passed the House)

1 AN ACT TO AMEND SECTION 31-17-123, MISSISSIPPI CODE OF 1972,
2 TO PROVIDE THAT IF THE STATE FISCAL OFFICER AND THE STATE
3 TREASURER MAKE A DETERMINATION THAT STATE-SOURCE SPECIAL FUNDS ARE
4 NOT SUFFICIENT TO COVER DEFICIENCIES IN THE GENERAL FUND, THAT THE
5 STATE OF MISSISSIPPI IS UNABLE TO REPAY SPECIAL FUND BORROWING
6 WITHIN THE FISCAL YEAR IN WHICH THE BORROWING WAS DONE OR THAT THE
7 STATE SOURCE FUNDS ARE INSUFFICIENT FOR DISASTER SUPPORT OR
8 ASSISTANCE PURPOSES DUE TO HURRICANES KATRINA AND RITA, AND THAT
9 THE STATE BOND COMMISSION MAKES A DETERMINATION THAT THE
10 DEFICIENCY OR INABILITY TO REPAY, OR INSUFFICIENCY IS THE RESULT
11 OF A STATE OF EMERGENCY WITHIN THE STATE OF MISSISSIPPI, THE STATE
12 BOND COMMISSION IS AUTHORIZED TO OBTAIN A LINE OF CREDIT, IN AN
13 AMOUNT NOT TO EXCEED \$500,000,000.00, FROM A COMMERCIAL LENDER,
14 INVESTMENT BANKING GROUP OR A CONSORTIUM OF EITHER OR BOTH; TO
15 PROVIDE THAT THE LENGTH OF THE INDEBTEDNESS SHALL NOT EXTEND
16 BEYOND THREE YEARS FOLLOWING THE ORIGINATION OF THE LINE OF
17 CREDIT; TO PROVIDE THAT THE LINE OF CREDIT SHALL BE AUTHORIZED AND
18 APPROVED BY THE STATE BOND COMMISSION AND HAVE SUCH TERMS AND
19 DETAILS AS PROVIDED BY RESOLUTION OF THE STATE BOND COMMISSION; TO
20 PROVIDE THAT THOSE PROCEEDS SHALL BE DEPOSITED INTO THE DISASTER
21 RECOVERY FUND AND DISBURSED BY THE STATE TREASURER TO COVER
22 DEFICIENCIES IN THE GENERAL FUND, TO REPAY SPECIAL FUND BORROWING
23 AND/OR TO COVER ANY INSUFFICIENCY IN DISASTER SUPPORT OR
24 ASSISTANCE; TO PROVIDE THAT UPON THE APPROVAL OF THE STATE FISCAL
25 OFFICER, THE DIRECTOR OF THE MISSISSIPPI EMERGENCY MANAGEMENT
26 AGENCY MAY USE FUNDS FROM THE DISASTER RECOVERY FUND TO MATCH
27 FEDERAL FUNDS AND FOR PERSONNEL RELATED EXPENSES DUE TO THE
28 HURRICANE KATRINA AND/OR HURRICANE RITA DISASTERS; TO CREATE THE
29 DISASTER RECOVERY FUND IN THE STATE TREASURY, WHICH SHALL CONSIST
30 OF LOAN PROCEEDS FROM THE LINE OF CREDIT AUTHORIZED BY THIS ACT;
31 TO REQUIRE THE STATE TREASURER TO MAKE QUARTERLY REPORTS OF EACH
32 TRANSFER INTO AND OUT OF THE DISASTER RECOVERY FUND; TO AMEND
33 SECTION 27-104-13, MISSISSIPPI CODE OF 1972, TO SUSPEND UNTIL JULY
34 1, 2006, THE REQUIREMENT FOR THE STATE FISCAL OFFICER TO REDUCE
35 ALLOCATIONS OF GENERAL FUNDS AND STATE-SOURCE SPECIAL FUNDS TO
36 STATE AGENCIES WHEN GENERAL FUND REVENUES RECEIVED FOR THE FISCAL
37 YEAR FALL BELOW 98% OF THE SINE DIE GENERAL FUND REVENUE ESTIMATE;
38 TO AMEND SECTIONS 17-21-51 AND 17-21-53, MISSISSIPPI CODE OF 1972,
39 TO REVISE THE PURPOSES FOR WHICH COUNTIES AND MUNICIPALITIES
40 LOCATED IN COUNTIES COVERED BY THE PRESIDENTIAL DECLARATION OF
41 MAJOR DISASTER FOR THE STATE OF MISSISSIPPI DATED AUGUST 29, 2005,
42 MAY ISSUE CERTAIN NEGOTIABLE NOTES AND CERTIFICATES OF
43 INDEBTEDNESS; TO PROVIDE THAT SUCH NOTES AND CERTIFICATES MAY BE
44 OFFERED AT PUBLIC OR PRIVATE SALE; TO INCREASE THE MAXIMUM TOTAL
45 INDEBTEDNESS THAT SUCH COUNTIES AND MUNICIPALITIES MAY INCUR AND
46 TO EXEMPT SUCH NOTES AND CERTIFICATES FROM CERTAIN DEBT
47 LIMITATIONS; TO REVISE THE MAXIMUM MATURITY FOR SUCH NOTES AND
48 CERTIFICATES; TO AMEND SECTIONS 31-15-7, 31-15-9, 31-15-17,
49 31-15-21 and 31-15-25, MISSISSIPPI CODE OF 1972, TO REVISE THE
50 MAXIMUM INTEREST RATE FOR REFUNDING BONDS ISSUED BY POLITICAL
51 SUBDIVISIONS; TO REVISE THE TERMS UNDER WHICH REFUNDING BONDS MAY
52 BE ISSUED BY POLITICAL SUBDIVISIONS LOCATED IN COUNTIES COVERED BY

53 THE PRESIDENTIAL DECLARATION OF MAJOR DISASTER FOR THE STATE OF
54 MISSISSIPPI DATED AUGUST 29, 2005; TO PROVIDE THAT ANY SUCH
55 POLITICAL SUBDIVISION THAT HAS ISSUED TAX INCREMENT, SPECIAL
56 ASSESSMENT OR OTHER SPECIAL OR LIMITED OBLIGATION BONDS BEFORE
57 AUGUST 29, 2005, MAY AS AN ALTERNATIVE TO ISSUING REFUNDING BONDS,
58 MAKE PRINCIPAL AND INTEREST PAYMENTS ON SUCH BONDS FROM ANY
59 AVAILABLE FUNDS OF THE POLITICAL SUBDIVISION; TO PROVIDE THAT
60 REFUNDING BONDS OF COUNTIES AND MUNICIPALITIES COVERED BY SUCH
61 PRESIDENTIAL DECLARATION OF MAJOR DISASTER, MAY BE SECURED BY THE
62 PLEDGE OF THE FULL FAITH, CREDIT AND RESOURCES OF THE COUNTY OR
63 MUNICIPALITY; TO ESTABLISH AN EMERGENCY AID TO LOCAL GOVERNMENTS
64 LOAN PROGRAM FOR THE PURPOSE OF ASSISTING COUNTIES, INCORPORATED
65 MUNICIPALITIES AND PUBLIC SCHOOL DISTRICTS THAT SUFFER REVENUE
66 LOSSES AS A RESULT OF A NATURAL DISASTER FOR WHICH A STATE OF
67 EMERGENCY HAS BEEN DULY PROCLAIMED; TO PROVIDE THAT THE PROGRAM
68 SHALL BE ADMINISTERED BY THE DEPARTMENT OF FINANCE AND
69 ADMINISTRATION; TO CREATE THE EMERGENCY AID TO LOCAL GOVERNMENTS
70 LOAN FUND; TO ESTABLISH THE MAXIMUM AMOUNT OF ANY LOAN UNDER THIS
71 PROGRAM; TO PROVIDE THAT A COUNTY OR SCHOOL DISTRICT THAT RECEIVES
72 A LOAN FROM THE FUND SHALL PLEDGE FOR REPAYMENT OF THE LOAN ANY
73 PART OF THE HOMESTEAD EXEMPTION ANNUAL TAX LOSS REIMBURSEMENT TO
74 WHICH IT MAY BE ENTITLED; TO PROVIDE THAT AN INCORPORATED
75 MUNICIPALITY THAT RECEIVES A LOAN FROM THE FUND OR THE EMERGENCY
76 FUND SHALL PLEDGE FOR REPAYMENT OF THE LOAN ANY PART OF THE SALES
77 TAX REVENUE DISTRIBUTION TO WHICH IT MAY BE ENTITLED; TO GRANT TO
78 THE DEPARTMENT OF FINANCE AND ADMINISTRATION CERTAIN POWERS AND
79 DUTIES WITH REGARD TO THIS ACT; TO AUTHORIZE THE STATE BOND
80 COMMISSION TO DECLARE THE NECESSITY FOR GENERAL FUNDS TO FUND THE
81 LOANS UNDER THIS PROGRAM; TO AUTHORIZE THE DEPARTMENT OF FINANCE
82 AND ADMINISTRATION TO MAKE TRANSFERS FROM THE GENERAL FUND TO THE
83 LOAN FUND FOR THE PURPOSE OF FUNDING THE LOANS UNDER THIS PROGRAM;
84 TO AUTHORIZE THE DEPARTMENT OF FINANCE AND ADMINISTRATION TO ISSUE
85 WARRANTS TO MAKE LOANS UNDER THIS PROGRAM; TO PROVIDE FOR THE
86 DISPOSITION OF ANY UNNEEDED STATE FUNDS IN THE LOAN FUND; AND FOR
87 RELATED PURPOSES.

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

89 **SECTION 1.** Section 31-17-123, Mississippi Code of 1972, is
90 amended as follows:

91 31-17-123. (1) The intent of the Legislature is to
92 authorize borrowing funds under the provisions of Sections
93 31-17-101 through 31-17-123 to offset any temporary cash flow
94 deficiencies and should not be construed to authorize the
95 borrowing of any funds in an amount that cannot be repaid during
96 the fiscal year in which the funds are borrowed.

97 (2) (a) Notwithstanding any provision of this chapter to
98 the contrary, if the State Fiscal Officer and the State Treasurer
99 make a determination that (i) state-source special funds are not
100 sufficient to cover deficiencies in the General Fund, (ii) the
101 State of Mississippi is unable to repay special fund borrowing
102 within the fiscal year in which it was borrowed, or (iii)

103 state-source funds are insufficient for disaster support and/or
104 assistance purposes due to Hurricanes Katrina and/or Rita; and
105 that the State Bond Commission makes a determination that the
106 deficiency, inability to repay, or insufficiency is the result of
107 a state of emergency within the State of Mississippi, the State
108 Bond Commission is authorized to obtain a line of credit, in an
109 amount not to exceed Five Hundred Million Dollars
110 (\$500,000,000.00), from a commercial lender, investment banking
111 group or a consortium of either, or both. The length of
112 indebtedness under this subsection shall not extend past three (3)
113 years following the origination of the line of credit. The line
114 of credit shall be authorized and approved by the State Bond
115 Commission and shall have such terms and details as may be
116 provided by resolution of the State Bond Commission. Loan
117 proceeds shall be deposited into the Disaster Recovery Fund
118 created in paragraph (d) of this subsection, and shall be
119 disbursed by the State Treasurer to cover deficiencies in the
120 General Fund, to repay special fund borrowing and/or to cover any
121 insufficiency in disaster support and/or assistance.

122 (b) As security for the repayment of the principal and
123 interest on the line of credit provided for in paragraph (a) of
124 this subsection, the full faith, credit and resources of the State
125 of Mississippi are irrevocably pledged.

126 (c) Upon approval of the State Fiscal Officer, the
127 Director of the Mississippi Emergency Management Agency is
128 authorized to use amounts from the Disaster Recovery Fund to match
129 federal funds, and for personnel, call-back wages, base and
130 overtime wages, travel, per diem and other out-of-pocket expenses
131 incurred as a result of Hurricanes Katrina and/or Rita.

132 (d) There is created in the State Treasury a special
133 fund to be designated as the "Disaster Recovery Fund," which shall
134 consist of loan proceeds from the line of credit authorized under
135 paragraph (a) of this subsection, funds appropriated or otherwise

136 made available by the Legislature for deposit into the fund, and
137 funds from any other source designated for deposit into the fund.
138 Unexpended amounts remaining in the fund at the end of a fiscal
139 year shall not lapse into the State General Fund, and any
140 investment earnings or interest earned on amounts in the fund
141 shall be deposited to the credit of the fund.

142 (e) The State Treasurer shall notify the Legislative
143 Budget Office and the Department of Finance and Administration of
144 each transfer into and out of the Disaster Recovery Fund on a
145 quarterly basis.

146 (f) This subsection (2) shall be complete authority for
147 the borrowing authorized under this subsection and shall not be
148 subject to the limitations provided in the other provisions of
149 this chapter or otherwise under state law.

150 **SECTION 2.** Section 27-104-13, Mississippi Code of 1972, is
151 amended as follows:

152 27-104-13. (1) The State Fiscal Officer may disapprove or
153 reduce and revise the estimates of general funds and state-source
154 special funds for any general fund or special fund agency and for
155 the "administration and other expenses" budget of the Mississippi
156 Department of Transportation, in an amount not to exceed five
157 percent (5%), if at any time he finds that funds will not be
158 available within the period for which the budget is drawn, or if
159 at any time he finds that the requested expenditures, or any part
160 thereof, are not authorized by law, and that action shall be
161 reported to the Legislative Budget Office.

162 The State Fiscal Officer may, upon his determination of need
163 based upon a finding that funds will not be available within the
164 period for which the budget is drawn, transfer funds as provided
165 in Section 27-103-203, from the Working Cash-Stabilization Reserve
166 Fund to the General Fund to supplement the general fund revenue.

167 If the estimates of general funds and state-source special
168 funds of all general fund and special fund agencies and of the

169 "administration and other expenses" budget of the Mississippi
170 Department of Transportation have been reduced by five percent
171 (5%), additional reductions may be made, but shall consist of a
172 uniform percentage reduction of general funds and state-source
173 special funds to all general fund and special fund agencies and to
174 the "administration and other expenses" budget of the Mississippi
175 Department of Transportation.

176 Any state-source special funds reduced under the provisions
177 of this subsection (1) shall be transferred to the State General
178 Fund upon requisitions for warrants signed by the respective
179 agency head, and the transfer shall be made within a reasonable
180 period to be determined by the State Fiscal Officer.

181 (2) The State Tax Commission and University Research Center,
182 utilizing all available revenue forecast data, shall annually
183 develop a general fund revenue estimate to be adopted by the
184 Legislative Budget Office as of the date of sine die adjournment.

185 If, at the end of October, or at the end of any month
186 thereafter of any fiscal year, the revenues received for the
187 fiscal year fall below ninety-eight percent (98%) of the
188 Legislative Budget Office general fund revenue estimate at the
189 date of sine die adjournment, the State Fiscal Officer shall
190 reduce allocations of general funds and state-source special funds
191 to general fund and special fund agencies and to the
192 "administration and other expenses" budget of the Mississippi
193 Department of Transportation, in an amount necessary to keep
194 expenditures within the sum of actual general fund receipts,
195 including any transfers to the General Fund from the Working
196 Cash-Stabilization Reserve Fund for the fiscal year.

197 The State Fiscal Officer may, upon his determination of need
198 based on the revenue shortfall, transfer funds as provided in
199 Section 27-103-203 from the Working Cash-Stabilization Reserve
200 Fund to the General Fund to supplement the general fund revenue.
201 State-source special funds in an amount equal to any reduction

202 made under the provisions of this subsection (2) shall be
203 transferred to the State General Fund upon requisitions for
204 warrants signed by the respective agency head, and the transfer
205 shall be made within a reasonable period to be determined by the
206 State Fiscal Officer.

207 No agency's allocation shall be reduced in an amount to
208 exceed five percent (5%); however, if the allocations of general
209 funds and state-source special funds to all general fund and
210 special fund agencies and to the "administration and other
211 expenses" budget of the Mississippi Department of Transportation
212 have been reduced by five percent (5%), any additional reductions
213 required to be made under this subsection (2) shall consist of a
214 uniform percentage reduction of general funds and state-source
215 special funds to all general fund and special fund agencies and to
216 the "administration and other expenses" budget of the Mississippi
217 Department of Transportation. Any receipt from loans authorized
218 by Sections 31-17-101 through 31-17-123 shall not be included as
219 revenue receipts.

220 The State Fiscal Officer shall immediately send notice of any
221 action taken under authority of this subsection (2) to the
222 Legislative Budget Office.

223 The provisions of this subsection (2) requiring the State
224 Fiscal Officer to reduce allocations of general funds and
225 state-source special funds to general fund and special fund
226 agencies and to the "administration and other expenses" budget of
227 the Mississippi Department of Transportation shall be suspended
228 during the period from the effective date of this act through June
229 30, 2006.

230 (3) For the purpose of this section, the term "state-source
231 special funds" means any special funds in any agency derived from
232 any source, but shall not include the following special funds:
233 special funds derived from federal sources, from local or regional
234 political subdivisions, from agricultural commodity assessments,

235 or from donations; special funds held in a fiduciary capacity for
236 the benefit of specific persons or classes of persons;
237 self-generated special funds of the state institutions of higher
238 learning or the state community or junior colleges; special funds
239 of Mississippi Industries for the Blind, the State Port at
240 Gulfport, Yellow Creek Inland Port, Pat Harrison Waterway
241 District, Pearl River Basin Development District, Pearl River
242 Valley Water Management District, Tombigbee River Valley Water
243 Management District, Yellow Creek Watershed Authority, or Coast
244 Coliseum Commission; special funds of the Department of Wildlife,
245 Fisheries and Parks derived from the issuance of hunting or
246 fishing licenses; and special funds generated by agencies whose
247 primary function includes the establishment of standards and the
248 issuance of licenses for the practice of a profession within the
249 State of Mississippi.

250 **SECTION 3.** Section 17-21-51, Mississippi Code of 1972, is
251 amended as follows:

252 17-21-51. (1) The board of supervisors of any county and
253 the governing authorities of any municipality (both referred to in
254 this article as "governing authority") are hereby authorized and
255 empowered, in their discretion, to borrow money, pursuant to the
256 provisions of this article, for the following purposes:

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

260 (b) To provide working capital, fund debt service
261 payments and other expenditures required by law and pay costs
262 incurred by governing authorities as a result of a natural
263 disaster. Such costs shall include, but not be limited to, debris
264 removal and disposal, overtime wages paid to public employees, and
265 the repair or replacement of public streets, roads and bridges,
266 storm drains, water and sewer facilities and other public
267 buildings, facilities and equipment. Money borrowed pursuant to

268 this paragraph (b) may also be utilized as matching funds for
269 federal or state disaster relief assistance.

270 (2) Except as otherwise provided in subsection (3) of this
271 section, the total outstanding indebtedness incurred by a
272 governing authority under this article at any one (1) time shall
273 not exceed the greater of one percent (1%) of the assessed value
274 of all taxable property located within the governing authority
275 according to the last completed assessment for taxation or Two
276 Hundred Fifty Thousand Dollars (\$250,000.00) or, in the case of
277 the governing authorities located in any county covered by the
278 Presidential Declaration of Major Disaster for the State of
279 Mississippi (FEMA-1604-DR) dated August 29, 2005, the greater of
280 two percent (2%) of the assessed value of all the taxable property
281 located within the governing authority according to the last
282 completed assessment for taxation or Two Hundred Fifty Thousand
283 Dollars (\$250,000.00). The total outstanding indebtedness
284 incurred by a governing authority as authorized under this
285 subsection shall be included in computing the statutory limitation
286 upon indebtedness which may be incurred by such governing
287 authority.

288 (3) However, from and after August 29, 2005, through
289 December 31, 2007, any borrowing pursuant to the provisions of
290 this article by governing authorities located in any county
291 covered by the Presidential Declaration of Major Disaster for the
292 State of Mississippi (FEMA-1604-DR) dated August 29, 2005, shall
293 not constitute an indebtedness of the governing authority within
294 the meaning of this subsection or any other constitutional,
295 statutory or municipal charter limitation or restriction.

296 **SECTION 4.** Section 17-21-53, Mississippi Code of 1972, is
297 amended as follows:

298 17-21-53. (1) Before any money is borrowed under the
299 provisions of this article, the governing authority shall adopt a
300 resolution declaring the necessity for such borrowing and

301 specifying the purpose for which the money borrowed is to be
302 expended, the amount to be borrowed, the date or dates of the
303 maturity thereof, and how such indebtedness is to be evidenced.
304 The resolution shall be certified over the signature of the head
305 of the governing authority.

306 (2) The borrowing shall be evidenced by negotiable notes or
307 certificates of indebtedness of the governing authority which
308 shall be signed by the head and clerk of such governing authority.
309 All such notes or certificates of indebtedness shall be offered at
310 public sale by the governing authority after not less than ten
311 (10) days' advertising in a newspaper having general circulation
312 within the governing authority. Each sale shall be made to the
313 bidder offering the lowest rate of interest or whose bid
314 represents the lowest net cost to the governing authority;
315 however, the rate of interest shall not exceed that now or
316 hereafter authorized in Section 75-17-101, Mississippi Code of
317 1972. No such notes or certificates of indebtedness shall be
318 issued and sold for less than par and accrued interest. All notes
319 or certificates of indebtedness shall mature in approximately
320 equal installments of principal and interest over a period not to
321 exceed five (5) years from the dates of the issuance thereof.
322 Principal shall be payable annually, and interest shall be payable
323 annually or semiannually; provided, however, that the first
324 payment of principal or interest may be for any period not
325 exceeding one (1) year. Provided, however, if negotiable notes
326 are outstanding from not more than one (1) previous issue
327 authorized under the provisions of this article, then the schedule
328 of payments for a new or supplementary issue may be so adjusted
329 that the schedule of maturities of all notes or series of notes
330 hereunder shall, when combined, mature in approximately equal
331 installments of principal and interest over a period of five (5)
332 years from the date of the new or supplementary issue, or if a
333 lower interest rate will thereby be secured on notes previously

334 issued and outstanding, a portion of the proceeds of any issue
335 authorized hereunder may be used to refund the balance of the
336 indebtedness previously issued under the authority of this
337 article. Such notes or certificates of indebtedness shall be
338 issued in such form and in such denominations as may be determined
339 by the governing authority and may be made payable at the office
340 of any bank or trust company selected by the governing authority.
341 In such case, funds for the payment of principal and interest due
342 thereon shall be provided in the same manner provided by law for
343 the payment of the principal and interest due on bonds issued by
344 the governing authority.

345 (3) For the prompt payment of notes or certificates of
346 indebtedness at maturity, both principal and interest, the full
347 faith, credit and resources of the issuing entity are pledged. If
348 the issuing entity does not have available funds in an amount
349 sufficient to provide for the payment of principal and interest
350 according to the terms of such notes or certificates of
351 indebtedness, then the governing authority shall annually levy a
352 special tax upon all of its taxable property at a rate the avails
353 of which will be sufficient to provide such payment. Funds
354 derived from any such tax shall be paid into a sinking fund and
355 used exclusively for the payment of principal of and interest on
356 the notes or certificates of indebtedness. Until needed for
357 expenditure, monies in the sinking fund may be invested in the
358 same manner as the governing authority is elsewhere authorized by
359 law to invest surplus funds.

360 (4) Notwithstanding the provisions of subsection (2) of this
361 section, from and after August 29, 2005, through December 31,
362 2007, any governing authority located in any county covered by the
363 Presidential Declaration of Major Disaster for the State of
364 Mississippi (FEMA-1604-DR) dated August 29, 2005, may offer such
365 notes or certificates of indebtedness at private or public sale at
366 such price or prices, at such interest rate or rates, in such

367 manner and at such times as may be agreed to by the governing
368 authority and purchaser of the notes or certificates. Such notes
369 or certificates of indebtedness shall mature over a period of not
370 to exceed ten (10) years from the dates of issuance and may be
371 structured to defer payment of principal and interest for a period
372 not to exceed five (5) years.

373 **SECTION 5.** Section 31-15-7, Mississippi Code of 1972, is
374 amended as follows:

375 31-15-7. Such refunding bonds shall bear such rate or rates
376 of interest as may be determined by the governing body * * *;
377 shall be in such denomination or denominations and form as may be
378 determined by resolution or order of the governing authority; and
379 shall be executed in behalf of the subdivision by such officer or
380 officers thereof as may be determined in such resolution or order.
381 The interest to accrue on such refunding bonds shall be
382 represented by coupons to be attached thereto, which may be
383 executed by the facsimile signature of such officer or officers.
384 All such bonds shall be made to mature serially, beginning not
385 more than five (5) years and running not longer than thirty (30)
386 years after their date, with not less than one per cent (1%) of
387 the total issue to mature each year during the first six (6)
388 years, beginning in the fifth year, after the date of such bonds;
389 not less than three per cent (3%) of the said total issue to
390 mature annually during the next succeeding ten-year period of the
391 life of such bonds; and not less than five per cent (5%) of said
392 total issue to mature annually during the next succeeding ten-year
393 period of the life of the bonds. However, from and after August
394 29, 2005, through December 31, 2007, any political subdivision
395 located in a county covered by the Presidential Declaration of
396 Major Disaster for the State of Mississippi (FEMA-1604-DR) dated
397 August 29, 2005, may issue such refunding bonds as term or serial
398 bonds at such price or prices, at such interest rate or rates, in
399 such manner, at such times, and in accordance with such terms and

400 provisions as may be agreed to by the governing authority of the
401 political subdivision and the purchasers of the refunding bonds,
402 and such issue of refunding bonds may provide that no principal or
403 interest may be due for a period not to exceed five (5) years
404 after the issue date.

405 **SECTION 6.** Section 31-15-9, Mississippi Code of 1972, is
406 amended as follows:

407 31-15-9. The resolution or order providing for the issuance
408 of such bonds may reserve unto the governing authority the right
409 to call in, pay, and redeem such bonds in the inverse order of
410 their numbers and maturities, prior to the maturity date or dates
411 thereof on any interest payment date. Whenever it is desired to
412 exercise the aforesaid right, if reserved in such resolution or
413 order, the governing authority shall cause written notice thereof
414 to be delivered to the bank or office at which such bonds are
415 payable. Such notice shall be so delivered not less than thirty
416 (30) days prior to the interest payment date designated for the
417 redemption of such bonds, after which date so designated, no
418 further interest shall accrue on the bonds so called for
419 redemption. Such refunding bonds may be sold for not less than
420 par and accrued interest, or may be exchanged at par for bonds and
421 interest coupons to be refunded thereby.

422 The board of supervisors may accept county bonds,
423 consolidated school district bonds, rural separate school district
424 bonds or separate road district bonds, as the case may be, at not
425 more than par and interest accruing thereon at the rate fixed in
426 the bonds to be refunded in exchange for said refunding county
427 bonds, consolidated school district bonds, rural separate school
428 district bonds or separate road district bonds, as the case may
429 be. In accepting any bond in exchange for, or in payment of, any
430 such refunding bond, no bond shall be accepted in such exchange or
431 payment that is secured by the property of a smaller or different
432 district, or other subdivision, than that securing the refunding

433 bonds so issued. However, from and after August 29, 2005, through
434 December 31, 2007, refunding bonds issued, sold or exchanged by
435 any political subdivision located in a county covered by the
436 Presidential Declaration of Major Disaster for the State of
437 Mississippi (FEMA-1604-DR) dated August 29, 2005, may be issued,
438 sold or exchanged for any price or prices and accrued interest as
439 determined by any such political subdivision.

440 **SECTION 7.** Section 31-15-17, Mississippi Code of 1972, is
441 amended as follows:

442 31-15-17. (1) Sections 31-15-1 through 31-15-27, without
443 reference to any other statute, shall be deemed full and complete
444 authority for the issuance of refunding bonds by political
445 subdivisions of the state, and shall be construed as an additional
446 and alternative method therefor. None of the present
447 restrictions, requirements, conditions, or limitations of law
448 applicable to the issuance of bonds by political subdivisions of
449 this state shall apply to the issuance and sale or exchange of
450 bonds under the aforesaid sections, and no proceedings shall be
451 required for the issuance of such bonds other than those provided
452 for and required herein. All powers necessary to be exercised by
453 the governing authority of any such political subdivision in order
454 to carry out the provisions of said sections are hereby conferred.

455 (2) From and after August 29, 2005, through December 31,
456 2007, any political subdivision located in any county covered by
457 the Presidential Declaration of Major Disaster for the State of
458 Mississippi (FEMA-1604-DR) dated August 29, 2005, which has issued
459 (and there remain outstanding) any tax increment, special
460 assessment or other special or limited obligation bonds prior to
461 August 29, 2005, may, as an alternative to issuance of refunding
462 bonds pursuant to Sections 31-15-1 through 31-15-27, make
463 principal and interest payments as same accrue and mature on any
464 outstanding tax increment, special assessment or other special or
465 limited obligation bonds issued by such political subdivisions

466 prior to August 29, 2005, from any available funds of the
467 political subdivision, without regard to any limitations and
468 restrictions as to the security and source of payment otherwise
469 imposed by statute or law or that may be provided in the issuing
470 documents of such tax increment, special assessment or other
471 special or limited obligation bonds.

472 **SECTION 8.** Section 31-15-21, Mississippi Code of 1972, is
473 amended as follows:

474 31-15-21. Any bonds heretofore or hereafter issued under
475 authority of Sections 21-27-11, 21-27-23, 21-27-41 through
476 21-27-43, or revenue bonds payable from funds other than the
477 proceeds of ad valorem taxes heretofore or hereafter issued under
478 authority of any other law of the State of Mississippi may be
479 refunded upon surrender, whether such bonds are due, optional, or
480 not yet matured. Such refunding bonds shall be negotiable, shall
481 be authorized by resolution adopted by the board or governing body
482 which shall have authorized the bonds that are being refunded, and
483 may either be delivered in exchange for the bonds to be refunded
484 or sold at not less than par and the proceeds applied to the
485 retirement of such bonds. However, from and after August 29, 2005
486 through December 31, 2007, such refunding bonds issued, sold or
487 exchanged by any political subdivision located in a county covered
488 by the Presidential Declaration of Major Disaster for the State of
489 Mississippi (FEMA-1604-DR) dated August 29, 2005, may be issued,
490 sold or exchanged at such price or prices, and accrued interest,
491 as may be determined by any such political subdivision.

492 **SECTION 9.** Section 31-15-25, Mississippi Code of 1972, is
493 amended as follows:

494 31-15-25. Such refunding bonds shall be payable from the
495 same sources of revenue and so far as possible shall be secured in
496 the same manner and by the same covenants and agreements as were
497 the bonds refunded. All provisions of the law under which the
498 bonds refunded were issued, which provide for the security of such

499 bonds and the requirements for fixing rates sufficient to operate
500 the project acquired or improved and to pay principal of and
501 interest on the bonds, shall remain in effect and shall be fully
502 applicable to the refunding bonds issued hereunder. In no event
503 shall taxes be levied for the payment of such bonds, and they
504 shall recite on their face that they are payable only from
505 revenues. However, from and after August 29, 2005, through
506 December 31, 2007, payment of principal and interest on any
507 refunding bonds issued, sold or exchanged pursuant to Sections
508 31-15-21 through 31-15-27 by any county or municipality covered by
509 the Presidential Declaration of Major Disaster for the State of
510 Mississippi (FEMA-1604-DR) dated August 29, 2005, may, in the
511 discretion of the issuing county or municipality, be further
512 secured by the irrevocable pledge of the full faith, credit and
513 resources of the county or municipality, and in such event, the
514 governing body of the county or municipality issuing the refunding
515 bonds, shall annually levy a tax upon all taxable property therein
516 sufficient to pay the principal of and the interest on such
517 refunding bonds as the same matures and accrues.

518 **SECTION 10.** (1) (a) There is established an emergency aid
519 to local governments loan program to be administered by the
520 Department of Finance and Administration, referred to in this
521 section as "department," for the purpose of assisting counties,
522 incorporated municipalities and public school districts that
523 suffer revenue losses as a result of a natural disaster for which
524 a state of emergency has been duly proclaimed. Loan proceeds
525 distributed to counties, incorporated municipalities and public
526 school districts shall be considered to be, and shall be utilized
527 by recipient in the same manner as, governmental, enterprise or
528 internal service fund type revenues, specifically for essential
529 government services.

530 (b) The department may contract for facilities and
531 staff needed to administer this section, including routine

532 management, as it deems necessary. The department may advertise
533 for or solicit proposals from public or private sources, or both,
534 for administration of this section or any services required for
535 administration of this section or any portion thereof. It is the
536 intent of the Legislature that the department endeavor to ensure
537 that the costs of administration of this section are as low as
538 possible.

539 (2) (a) There is created a special fund in the State
540 Treasury to be designated as the "Emergency Aid to Local
541 Governments Fund," referred to in this section as "fund," which
542 fund shall consist of money transferred from the Disaster Recovery
543 Fund created in Section 31-17-123 and money designated for deposit
544 therein from any source including, but not limited to,
545 appropriations, bond proceeds, grants, gifts, donations or funds
546 from any source, public or private. The fund shall be credited
547 with all repayments of principal and interest derived from loans
548 made from the fund. Unexpended amounts remaining in the fund at
549 the end of a fiscal year shall not lapse into the State General
550 Fund, and any interest earned on amounts in the fund shall be
551 deposited to the credit of the State General Fund. Monies in the
552 fund may not be used or expended for any purpose except as
553 authorized under this section.

554 (b) The department shall establish a loan program by
555 which loans may be made available to counties, incorporated
556 municipalities and public school districts, to assist those
557 counties, incorporated municipalities and public school districts.
558 Any governmental entity in the current fiscal year that
559 demonstrates a projected revenue loss equal to or exceeding
560 one-third (1/3) of its governmental fund type revenues in the
561 fiscal year prior to the occurrence of the natural disaster
562 eligible under this section may qualify for a loan. The interest
563 rate on loans made under this section may vary from time to time
564 and from loan to loan, and shall be at or below market interest

565 rates as determined by the department. The department shall act
566 as quickly as is practicable and prudent in deciding on any loan
567 request that it receives.

568 (c) The aggregate amount of any loans received under
569 this section by a county, incorporated municipality or school
570 district shall not exceed one hundred percent (100%) of the
571 difference between the revenue received by a county, incorporated
572 municipality or public school district from governmental fund type
573 revenues that are used to fund essential services in the fiscal
574 year prior to the occurrence of the natural disaster and the
575 estimated revenue from such sources after the occurrence of the
576 natural disaster plus available cash reserves or fund balances at
577 the fiscal year end, as determined by the department. The State
578 Bond Commission shall set the maximum amount of any loan made
579 under this section at an amount that will ensure the equitable
580 distribution of the amounts available for loans to the eligible
581 governmental entities affected by the natural disaster.

582 (d) A county or school district that receives a loan
583 from the fund shall pledge for repayment of the loan any part of
584 the homestead exemption annual tax loss reimbursement to which it
585 may be entitled under Section 27-33-77, as may be required by the
586 department. An incorporated municipality that receives a loan
587 from the fund or the emergency fund shall pledge for repayment of
588 the loan any part of the sales tax revenue distribution to which
589 it may be entitled under Section 27-65-75 or any part of the
590 homestead exemption annual tax loss reimbursement to which it may
591 be entitled under Section 27-33-77, as may be required by the
592 department. All recipients of such loans shall establish a
593 dedicated source of revenue for repayment of the loan. Before any
594 county, incorporated municipality or school district shall receive
595 any loan, it shall have executed with the department a loan
596 agreement evidencing that loan, a copy of which shall be filed by
597 the department with the State Tax Commission. The loan agreement

598 shall not be construed to prohibit any recipient from prepaying
599 any part or all of the funds received. The repayment schedule in
600 each loan agreement shall provide for (i) monthly payments, (ii)
601 semiannual payments or (iii) other periodic payments. The loan
602 agreement shall provide for the repayment of all funds received
603 from the fund within not more than three (3) years. The State Tax
604 Commission shall, at the direction of the department, withhold
605 semiannually from counties, incorporated municipalities and public
606 school districts and monthly from incorporated municipalities,
607 from the amount to be remitted to the county, municipality or
608 public school district, the sum necessary to pay all or a portion
609 of the periodic payments for the loan.

610 (e) Any county, incorporated municipality or public
611 school district which receives a loan from the state for that
612 purpose but which is not eligible to pledge for repayment under
613 the provisions of paragraph (d) of this subsection, shall repay
614 that loan by making payments each month to the State Treasurer
615 through the Department of Finance and Administration for and on
616 behalf of the department according to Section 7-7-15, to be
617 credited to the fund in lieu of pledging homestead exemption
618 annual tax loss reimbursement or sales tax revenue distribution.

619 Loan repayments shall be according to a repayment schedule
620 contained in each loan agreement as provided in paragraph (d) of
621 this subsection.

622 (f) The State Auditor, upon request of the department,
623 shall audit the receipts and expenditures of a county, an
624 incorporated municipality or a school district if loan repayments
625 appear to be in arrears, and if the Auditor finds that the county,
626 incorporated municipality or school district is in arrears in
627 those repayments, the Auditor shall immediately notify the
628 executive director of the department who may take any action as
629 may be necessary to enforce the terms of the loan agreement,
630 including liquidation and enforcement of the security given for

631 repayment of the loan, and the executive director of the
632 department may, in his discretion, notify the State Tax Commission
633 to withhold all future payments to the county or school district
634 of homestead exemption annual tax loss reimbursements under
635 Section 27-33-77 and all sums allocated to the incorporated
636 municipality under Section 27-65-75, until such time as the
637 county, incorporated municipality or public school district is
638 again current in its loan repayments as certified by the
639 department.

640 (g) All monies deposited in the fund shall be used only
641 for providing the loans authorized under this section. In
642 addition, any amounts in the fund may be used to defray the
643 reasonable costs of administering the fund. The department is
644 authorized to use amounts available to it from the fund to
645 contract for those facilities and staff needed to administer and
646 provide routine management for the funds and loan program.

647 (3) In administering this section the department shall have
648 the following powers and duties:

649 (a) To supervise the use of all funds made available
650 under this section;

651 (b) To promulgate rules and regulations, to make
652 variances and exceptions thereto, and to establish procedures in
653 accordance with this section for the implementation of the loan
654 program;

655 (c) To requisition monies in the fund and distribute
656 those monies in accordance with this section;

657 (d) To maintain, in accordance with generally accepted
658 government accounting standards, an accurate record of all monies
659 in the fund made available to counties, incorporated
660 municipalities and public school districts under this section;

661 (e) To file annually with the Legislature a report
662 detailing how monies in the fund were spent during the preceding

663 fiscal year in each county, incorporated municipality and public
664 school district.

665 (4) The State Bond Commission, at one time, or from time to
666 time, may declare the necessity for funds for the purposes
667 provided in this section, including the costs incident to the
668 administration of the loan program. Upon approval by the State
669 Bond Commission, the department is authorized to transfer the
670 necessary amount from the Disaster Recovery Fund created in
671 Section 31-17-123 to the fund in ample time to discharge those
672 loans and incidental costs.

673 (5) The department is authorized, without further process of
674 law, to certify the necessity for warrants and is authorized and
675 directed to issue such warrants, in such amounts as may be
676 necessary to make loans under the program authorized by this
677 section.

678 (6) After any state funds in the fund are no longer needed
679 for the particular purpose for which they were appropriated,
680 deposited or transferred into the fund, the department shall
681 transfer those state funds back to the particular fund or funds in
682 the State Treasury from which they were appropriated or
683 transferred into the fund, upon certification of the State Fiscal
684 Officer that the state funds are not currently needed.

685 **SECTION 11.** This act shall take effect and be in force from
686 and after its passage.