

By: Senator(s) Gordon, Little

To: Appropriations

SENATE BILL NO. 2018

1 AN ACT TO ESTABLISH AN EMERGENCY AID TO LOCAL GOVERNMENTS  
2 LOAN PROGRAM FOR THE PURPOSE OF ASSISTING COUNTIES, INCORPORATED  
3 MUNICIPALITIES AND PUBLIC SCHOOL DISTRICTS THAT SUFFER REVENUE  
4 LOSSES AS A RESULT OF A NATURAL DISASTER FOR WHICH A STATE OF  
5 EMERGENCY HAS BEEN DULY PROCLAIMED; TO PROVIDE THAT THE PROGRAM  
6 SHALL BE ADMINISTERED BY THE DEPARTMENT OF FINANCE AND  
7 ADMINISTRATION; TO CREATE THE EMERGENCY AID TO LOCAL GOVERNMENTS  
8 LOAN FUND; TO ESTABLISH THE MAXIMUM AMOUNT OF ANY LOAN UNDER THIS  
9 PROGRAM; TO PROVIDE THAT A COUNTY OR SCHOOL DISTRICT THAT RECEIVES  
10 A LOAN FROM THE FUND SHALL PLEDGE FOR REPAYMENT OF THE LOAN ANY  
11 PART OF THE HOMESTEAD EXEMPTION ANNUAL TAX LOSS REIMBURSEMENT TO  
12 WHICH IT MAY BE ENTITLED; TO PROVIDE THAT AN INCORPORATED  
13 MUNICIPALITY THAT RECEIVES A LOAN FROM THE FUND OR THE EMERGENCY  
14 FUND SHALL PLEDGE FOR REPAYMENT OF THE LOAN ANY PART OF THE SALES  
15 TAX REVENUE DISTRIBUTION TO WHICH IT MAY BE ENTITLED; TO GRANT TO  
16 THE DEPARTMENT OF FINANCE AND ADMINISTRATION CERTAIN POWERS AND  
17 DUTIES WITH REGARD TO THIS ACT; TO AUTHORIZE THE STATE BOND  
18 COMMISSION TO DECLARE THE NECESSITY FOR GENERAL FUNDS TO FUND THE  
19 LOANS UNDER THIS PROGRAM; TO AUTHORIZE THE DEPARTMENT OF FINANCE  
20 AND ADMINISTRATION TO MAKE TRANSFERS FROM THE GENERAL FUND TO THE  
21 LOAN FUND FOR THE PURPOSE OF FUNDING THE LOANS UNDER THIS PROGRAM;  
22 TO AUTHORIZE THE DEPARTMENT OF FINANCE AND ADMINISTRATION TO ISSUE  
23 WARRANTS TO MAKE LOANS UNDER THIS PROGRAM; TO PROVIDE FOR THE  
24 DISPOSITION OF ANY UNNEEDED STATE FUNDS IN THE LOAN FUND; AND FOR  
25 RELATED PURPOSES.

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

27 **SECTION 1.** (1) (a) There is established an emergency aid  
28 to local governments loan program to be administered by the  
29 Department of Finance and Administration, referred to in this  
30 section as "department," for the purpose of assisting counties,  
31 incorporated municipalities and public school districts that  
32 suffer revenue losses as a result of a natural disaster for which  
33 a state of emergency has been duly proclaimed. Loan proceeds  
34 distributed to counties, incorporated municipalities and public  
35 school districts shall be considered to be, and shall be utilized  
36 by recipient in the same manner as, governmental, enterprise or  
37 internal service fund type revenues, specifically for essential  
38 government services.

39           (b) The department may contract for facilities and  
40 staff needed to administer this section, including routine  
41 management, as it deems necessary. The department may advertise  
42 for or solicit proposals from public or private sources, or both,  
43 for administration of this section or any services required for  
44 administration of this section or any portion thereof. It is the  
45 intent of the Legislature that the department endeavor to ensure  
46 that the costs of administration of this section are as low as  
47 possible.

48           (2) (a) There is created a special fund in the State  
49 Treasury to be designated as the "Emergency Aid to Local  
50 Governments Fund," referred to in this section as "fund," which  
51 fund shall consist of money designated for deposit therein from  
52 any source, including, but not limited to, appropriations, bond  
53 proceeds, grants, gifts, donations or funds from any source,  
54 public or private. The fund shall be credited with all repayments  
55 of principal and interest derived from loans made from the fund.  
56 Unexpended amounts remaining in the fund at the end of a fiscal  
57 year shall not lapse into the State General Fund, and any interest  
58 earned on amounts in the fund shall be deposited to the credit of  
59 the State General Fund. Monies in the fund may not be used or  
60 expended for any purpose except as authorized under this section.

61           (b) The department shall establish a loan program by  
62 which loans may be made available to counties, incorporated  
63 municipalities and public school districts, to assist those  
64 counties, incorporated municipalities and public school districts.  
65 Any governmental entity in the current fiscal year that  
66 demonstrates a projected revenue loss equal to or exceeding  
67 one-third (1/3) of its governmental fund type revenues in the  
68 fiscal year prior to the occurrence of the natural disaster  
69 eligible under this section may qualify for a loan. The interest  
70 rate on loans made under this section may vary from time to time  
71 and from loan to loan, and shall be at or below market interest

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

75 (c) The aggregate amount of any loans received under  
76 this section by a county, incorporated municipality or school  
77 district shall not exceed one hundred percent (100%) of the  
78 difference between the revenue received by a county, incorporated  
79 municipality or public school district from governmental fund type  
80 revenues that are used to fund essential services in the fiscal  
81 year prior to the occurrence of the natural disaster and the  
82 estimated revenue from such sources after the occurrence of the  
83 natural disaster plus available cash reserves or fund balances at  
84 the fiscal year end, as determined by the department. The State  
85 Bond Commission shall set the maximum amount of any loan made  
86 under this section at an amount that will ensure the equitable  
87 distribution of the amounts available for loans to the eligible  
88 governmental entities affected by the natural disaster.

89 (d) A county or school district that receives a loan  
90 from the fund shall pledge for repayment of the loan any part of  
91 the homestead exemption annual tax loss reimbursement to which it  
92 may be entitled under Section 27-33-77, as may be required by the  
93 department. An incorporated municipality that receives a loan  
94 from the fund or the emergency fund shall pledge for repayment of  
95 the loan any part of the sales tax revenue distribution to which  
96 it may be entitled under Section 27-65-75 or any part of the  
97 homestead exemption annual tax loss reimbursement to which it may  
98 be entitled under Section 27-33-77, as may be required by the  
99 department. All recipients of such loans shall establish a  
100 dedicated source of revenue for repayment of the loan. Before any  
101 county, incorporated municipality or school district shall receive  
102 any loan, it shall have executed with the department a loan  
103 agreement evidencing that loan, a copy of which shall be filed by  
104 the department with the State Tax Commission. The loan agreement

105 shall not be construed to prohibit any recipient from prepaying  
106 any part or all of the funds received. The repayment schedule in  
107 each loan agreement shall provide for (i) monthly payments, (ii)  
108 semiannual payments or (iii) other periodic payments. The loan  
109 agreement shall provide for the repayment of all funds received  
110 from the fund within not more than three (3) years. The State Tax  
111 Commission shall, at the direction of the department, withhold  
112 semiannually from counties, incorporated municipalities and public  
113 school districts and monthly from incorporated municipalities,  
114 from the amount to be remitted to the county, municipality or  
115 public school district, the sum necessary to pay all or a portion  
116 of the periodic payments for the loan.

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

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

129 (f) The State Auditor, upon request of the department,  
130 shall audit the receipts and expenditures of a county, an  
131 incorporated municipality or a school district if loan repayments  
132 appear to be in arrears, and if the Auditor finds that the county,  
133 incorporated municipality or school district is in arrears in  
134 those repayments, the Auditor shall immediately notify the  
135 executive director of the department who may take any action as  
136 may be necessary to enforce the terms of the loan agreement,  
137 including liquidation and enforcement of the security given for

138 repayment of the loan, and the executive director of the  
139 department may, in his discretion, notify the State Tax Commission  
140 to withhold all future payments to the county or school district  
141 of homestead exemption annual tax loss reimbursements under  
142 Section 27-33-77 and all sums allocated to the incorporated  
143 municipality under Section 27-65-75, until such time as the  
144 county, incorporated municipality or public school district is  
145 again current in its loan repayments as certified by the  
146 department.

147           (g) All monies deposited in the fund shall be used only  
148 for providing the loans authorized under this section. In  
149 addition, any amounts in the fund may be used to defray the  
150 reasonable costs of administering the fund. The department is  
151 authorized to use amounts available to it from the fund to  
152 contract for those facilities and staff needed to administer and  
153 provide routine management for the funds and loan program.

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

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

158           (b) To promulgate rules and regulations, to make  
159 variances and exceptions thereto, and to establish procedures in  
160 accordance with this section for the implementation of the loan  
161 program;

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

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

168           (e) To file annually with the Legislature a report  
169 detailing how monies in the fund were distributed during the

170 preceding fiscal year to each county, incorporated municipality  
171 and public school district.

172 (4) The State Bond Commission, at one time, or from time to  
173 time, may declare the necessity for general funds for the purposes  
174 provided in this section, including the costs incident to the  
175 administration of the loan program. Upon approval by the State  
176 Bond Commission, the department is authorized to transfer the  
177 necessary amount from the General Fund to the fund in ample time  
178 to discharge such loans and incidental costs.

179 (5) The department is authorized, without further process of  
180 law, to certify the necessity for warrants and is authorized and  
181 directed to issue such warrants, in such amounts as may be  
182 necessary to make loans under the program authorized by this  
183 section.

184 (6) After any state funds in the fund are no longer needed  
185 for the particular purpose for which they were appropriated,  
186 deposited or transferred into the fund, the department shall  
187 transfer those state funds back to the particular fund or funds in  
188 the State Treasury from which they were appropriated or  
189 transferred into the fund, upon certification of the State Fiscal  
190 Officer that the state funds are not currently needed.

191 **SECTION 2.** This act shall take effect and be in force from  
192 and after its passage.