

By: Senator(s) Gordon, Little

To: Appropriations

COMMITTEE SUBSTITUTE  
FOR  
SENATE BILL NO. 2019

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 SUCH  
10 DEFICIENCY OR INABILITY TO REPAY OR INSUFFICIENCY IS THE RESULT OF  
11 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 SUCH INDEBTEDNESS SHALL NOT EXTEND  
16 BEYOND THREE YEARS FOLLOWING THE ORIGINATION OF THE LINE OF  
17 CREDIT; TO PROVIDE THAT SUCH LINE OF CREDIT SHALL BE AUTHORIZED  
18 AND 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 SUCH PROCEEDS SHALL BE RECEIVED BY THE STATE  
21 TREASURER AND DEPOSITED INTO THE DISASTER RECOVERY FUND AND USED  
22 TO COVER DEFICIENCIES IN THE GENERAL FUND, TO REPAY SPECIAL FUND  
23 BORROWING AND/OR TO COVER ANY INSUFFICIENCY IN DISASTER SUPPORT OR  
24 ASSISTANCE; TO ESTABLISH A DISASTER RECOVERY FUND FOR SUCH  
25 PURPOSE; TO PROVIDE THAT UPON THE APPROVAL OF THE STATE FISCAL  
26 OFFICER, THE DIRECTOR OF THE MISSISSIPPI EMERGENCY MANAGEMENT  
27 AGENCY MAY USE FUNDS FROM THE LINE OF CREDIT TO MATCH FEDERAL  
28 FUNDS AND FOR PERSONNEL RELATED EXPENSES DUE TO THE HURRICANE  
29 KATRINA AND/OR HURRICANE RITA DISASTERS; TO AMEND SECTION  
30 27-104-13, MISSISSIPPI CODE OF 1972, TO SUSPEND UNTIL JULY 1,  
31 2006, THE REQUIREMENT FOR THE STATE FISCAL OFFICER TO REDUCE  
32 ALLOCATIONS OF GENERAL FUNDS AND STATE-SOURCE SPECIAL FUNDS TO  
33 STATE AGENCIES WHEN GENERAL FUND REVENUES RECEIVED FOR THE FISCAL  
34 YEAR FALL BELOW 98% OF THE SINE DIE GENERAL FUND REVENUE ESTIMATE;  
35 AND FOR RELATED PURPOSES.

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

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

39 31-17-123. (1) The intent of the Legislature is to  
40 authorize borrowing funds under the provisions of Sections  
41 31-17-101 through 31-17-123 to offset any temporary cash flow  
42 deficiencies and should not be construed to authorize the

43 borrowing of any funds in an amount that cannot be repaid during  
44 the fiscal year in which the funds are borrowed.

45 (2) (a) Notwithstanding any provision of this chapter to  
46 the contrary, in the event that the State Fiscal Officer and the  
47 State Treasurer make a determination that (i) state-source special  
48 funds are not sufficient to cover deficiencies in the General  
49 Fund, (ii) the State of Mississippi is unable to repay special  
50 fund borrowing within the fiscal year in which it was borrowed, or  
51 (iii) state-source funds are insufficient for disaster support  
52 and/or assistance purposes due to Hurricanes Katrina and/or Rita;  
53 and that the State Bond Commission makes a determination that such  
54 deficiency, inability to repay, or insufficiency is the result of  
55 a state of emergency within the State of Mississippi, the State  
56 Bond Commission is authorized to obtain a line of credit, in an  
57 amount not to exceed Five Hundred Million Dollars  
58 (\$500,000,000.00), from a commercial lender, investment banking  
59 group or a consortium of either, or both. The length of  
60 indebtedness under this subsection shall not extend past three (3)  
61 years following the origination of the line of credit. The line  
62 of credit shall be authorized and approved by the State Bond  
63 Commission and shall have such terms and details as may be  
64 provided by resolution of the State Bond Commission. Loan  
65 proceeds shall be received and disbursed by the State Treasurer  
66 and deposited into the Disaster Recovery Fund, a special fund  
67 hereby created in the State Treasury, and shall be used to cover  
68 deficiencies in the General Fund, to repay special fund borrowing  
69 and/or to cover any insufficiency in disaster support and/or  
70 assistance. Monies remaining in the Disaster Recovery Fund at the  
71 end of a fiscal year shall not lapse into the State General Fund,  
72 but shall remain in the Disaster Recovery Fund.

73 (b) As security for the repayment of the principal and  
74 interest on the line of credit provided for in paragraph (a) of

75 this subsection, the full faith, credit and resources of the State  
76 of Mississippi are hereby irrevocably pledged.

77 (c) Upon approval of the State Fiscal Officer, the  
78 Director of the Mississippi Emergency Management Agency is  
79 authorized to use amounts from the line of credit to match federal  
80 funds, and for personnel, call-back wages, base and overtime  
81 wages, travel, per diem and other out-of-pocket expenses incurred  
82 as a result of Hurricanes Katrina and/or Rita.

83 (d) This subsection (2) shall be complete authority for  
84 the borrowing authorized hereunder and shall not be subject to the  
85 limitations provided in the other provisions of this chapter or  
86 otherwise under state law.

87 (e) The State Treasurer shall notify the Legislative  
88 Budget Office and the State Department of Finance and  
89 Administration of each transfer into and out of the Disaster  
90 Recovery Fund on a quarterly basis.

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

93 27-104-13. (1) The State Fiscal Officer may disapprove or  
94 reduce and revise the estimates of general funds and state-source  
95 special funds for any general fund or special fund agency and for  
96 the "administration and other expenses" budget of the Mississippi  
97 Department of Transportation, in an amount not to exceed five  
98 percent (5%), if at any time he finds that funds will not be  
99 available within the period for which the budget is drawn, or if  
100 at any time he finds that the requested expenditures, or any part  
101 thereof, are not authorized by law, and that action shall be  
102 reported to the Legislative Budget Office.

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

108           If the estimates of general funds and state-source special  
109 funds of all general fund and special fund agencies and of the  
110 "administration and other expenses" budget of the Mississippi  
111 Department of Transportation have been reduced by five percent  
112 (5%), additional reductions may be made, but shall consist of a  
113 uniform percentage reduction of general funds and state-source  
114 special funds to all general fund and special fund agencies and to  
115 the "administration and other expenses" budget of the Mississippi  
116 Department of Transportation.

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

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

126           If, at the end of October, or at the end of any month  
127 thereafter of any fiscal year, the revenues received for the  
128 fiscal year fall below ninety-eight percent (98%) of the  
129 Legislative Budget Office general fund revenue estimate at the  
130 date of sine die adjournment, the State Fiscal Officer shall  
131 reduce allocations of general funds and state-source special funds  
132 to general fund and special fund agencies and to the  
133 "administration and other expenses" budget of the Mississippi  
134 Department of Transportation, in an amount necessary to keep  
135 expenditures within the sum of actual general fund receipts,  
136 including any transfers to the General Fund from the Working  
137 Cash-Stabilization Reserve Fund for the fiscal year.

138           The State Fiscal Officer may, upon his determination of need  
139 based on the revenue shortfall, transfer funds as provided in  
140 Section 27-103-203 from the Working Cash-Stabilization Reserve

141 Fund to the General Fund to supplement the general fund revenue.  
142 State-source special funds in an amount equal to any reduction  
143 made under the provisions of this subsection (2) shall be  
144 transferred to the State General Fund upon requisitions for  
145 warrants signed by the respective agency head, and the transfer  
146 shall be made within a reasonable period to be determined by the  
147 State Fiscal Officer.

148 No agency's allocation shall be reduced in an amount to  
149 exceed five percent (5%); however, if the allocations of general  
150 funds and state-source special funds to all general fund and  
151 special fund agencies and to the "administration and other  
152 expenses" budget of the Mississippi Department of Transportation  
153 have been reduced by five percent (5%), any additional reductions  
154 required to be made under this subsection (2) shall consist of a  
155 uniform percentage reduction of general funds and state-source  
156 special funds to all general fund and special fund agencies and to  
157 the "administration and other expenses" budget of the Mississippi  
158 Department of Transportation. Any receipt from loans authorized  
159 by Sections 31-17-101 through 31-17-123 shall not be included as  
160 revenue receipts.

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

164 The provisions of this subsection (2) requiring the State  
165 Fiscal Officer to reduce allocations of general funds and  
166 state-source special funds to general fund and special fund  
167 agencies and to the "administration and other expenses" budget of  
168 the Mississippi Department of Transportation shall be suspended  
169 during the period from the effective date of this act through June  
170 30, 2006.

171 (3) For the purpose of this section, the term "state-source  
172 special funds" means any special funds in any agency derived from  
173 any source, but shall not include the following special funds:

174 special funds derived from federal sources, from local or regional  
175 political subdivisions, from agricultural commodity assessments,  
176 or from donations; special funds held in a fiduciary capacity for  
177 the benefit of specific persons or classes of persons;  
178 self-generated special funds of the state institutions of higher  
179 learning or the state community or junior colleges; special funds  
180 of Mississippi Industries for the Blind, the State Port at  
181 Gulfport, Yellow Creek Inland Port, Pat Harrison Waterway  
182 District, Pearl River Basin Development District, Pearl River  
183 Valley Water Management District, Tombigbee River Valley Water  
184 Management District, Yellow Creek Watershed Authority, or Coast  
185 Coliseum Commission; special funds of the Department of Wildlife,  
186 Fisheries and Parks derived from the issuance of hunting or  
187 fishing licenses; and special funds generated by agencies whose  
188 primary function includes the establishment of standards and the  
189 issuance of licenses for the practice of a profession within the  
190 State of Mississippi.

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