

By: Senator(s) Gordon, Little

To: Appropriations

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 USED TO COVER DEFICIENCIES IN THE GENERAL FUND, TO
22 REPAY SPECIAL FUND BORROWING AND/OR TO COVER ANY INSUFFICIENCY IN
23 DISASTER SUPPORT OR ASSISTANCE; TO PROVIDE THAT UPON THE APPROVAL
24 OF THE STATE FISCAL OFFICER, THE DIRECTOR OF THE MISSISSIPPI
25 EMERGENCY MANAGEMENT AGENCY MAY USE FUNDS FROM THE LINE OF CREDIT
26 TO MATCH FEDERAL FUNDS AND FOR PERSONNEL RELATED EXPENSES DUE TO
27 THE HURRICANE KATRINA AND/OR HURRICANE RITA DISASTERS; TO AMEND
28 SECTION 27-104-13, MISSISSIPPI CODE OF 1972, TO SUSPEND UNTIL JULY
29 1, 2006, THE REQUIREMENT FOR THE STATE FISCAL OFFICER TO REDUCE
30 ALLOCATIONS OF GENERAL FUNDS AND STATE-SOURCE SPECIAL FUNDS TO
31 STATE AGENCIES WHEN GENERAL FUND REVENUES RECEIVED FOR THE FISCAL
32 YEAR FALL BELOW 98% OF THE SINE DIE GENERAL FUND REVENUE ESTIMATE;
33 AND FOR RELATED PURPOSES.

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

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

37 31-17-123. (1) The intent of the Legislature is to
38 authorize borrowing funds under the provisions of Sections
39 31-17-101 through 31-17-123 to offset any temporary cash flow
40 deficiencies and should not be construed to authorize the
41 borrowing of any funds in an amount that cannot be repaid during
42 the fiscal year in which the funds are borrowed.

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

67 (b) As security for the repayment of the principal and
68 interest on the line of credit provided for in paragraph (a) of
69 this subsection, the full faith, credit and resources of the State
70 of Mississippi are hereby irrevocably pledged.

71 (c) Upon approval of the State Fiscal Officer, the
72 Director of the Mississippi Emergency Management Agency is
73 authorized to use amounts from the line of credit to match federal
74 funds, and for personnel, call-back wages, base and overtime

75 wages, travel, per diem and other out-of-pocket expenses incurred
76 as a result of Hurricanes Katrina and/or Rita.

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

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

83 27-104-13. (1) The State Fiscal Officer may disapprove or
84 reduce and revise the estimates of general funds and state-source
85 special funds for any general fund or special fund agency and for
86 the "administration and other expenses" budget of the Mississippi
87 Department of Transportation, in an amount not to exceed five
88 percent (5%), if at any time he finds that funds will not be
89 available within the period for which the budget is drawn, or if
90 at any time he finds that the requested expenditures, or any part
91 thereof, are not authorized by law, and that action shall be
92 reported to the Legislative Budget Office.

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

98 If the estimates of general funds and state-source special
99 funds of all general fund and special fund agencies and of the
100 "administration and other expenses" budget of the Mississippi
101 Department of Transportation have been reduced by five percent
102 (5%), additional reductions may be made, but shall consist of a
103 uniform percentage reduction of general funds and state-source
104 special funds to all general fund and special fund agencies and to
105 the "administration and other expenses" budget of the Mississippi
106 Department of Transportation.

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

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

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

128 The State Fiscal Officer may, upon his determination of need
129 based on the revenue shortfall, transfer funds as provided in
130 Section 27-103-203 from the Working Cash-Stabilization Reserve
131 Fund to the General Fund to supplement the general fund revenue.
132 State-source special funds in an amount equal to any reduction
133 made under the provisions of this subsection (2) shall be
134 transferred to the State General Fund upon requisitions for
135 warrants signed by the respective agency head, and the transfer
136 shall be made within a reasonable period to be determined by the
137 State Fiscal Officer.

138 No agency's allocation shall be reduced in an amount to
139 exceed five percent (5%); however, if the allocations of general

140 funds and state-source special funds to all general fund and
141 special fund agencies and to the "administration and other
142 expenses" budget of the Mississippi Department of Transportation
143 have been reduced by five percent (5%), any additional reductions
144 required to be made under this subsection (2) shall consist of a
145 uniform percentage reduction of general funds and state-source
146 special funds to all general fund and special fund agencies and to
147 the "administration and other expenses" budget of the Mississippi
148 Department of Transportation. Any receipt from loans authorized
149 by Sections 31-17-101 through 31-17-123 shall not be included as
150 revenue receipts.

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

154 The provisions of this subsection (2) requiring the State
155 Fiscal Officer to reduce allocations of general funds and
156 state-source special funds to general fund and special fund
157 agencies and to the "administration and other expenses" budget of
158 the Mississippi Department of Transportation shall be suspended
159 during the period from the effective date of this act through June
160 30, 2006.

161 (3) For the purpose of this section, the term "state-source
162 special funds" means any special funds in any agency derived from
163 any source, but shall not include the following special funds:
164 special funds derived from federal sources, from local or regional
165 political subdivisions, from agricultural commodity assessments,
166 or from donations; special funds held in a fiduciary capacity for
167 the benefit of specific persons or classes of persons;
168 self-generated special funds of the state institutions of higher
169 learning or the state community or junior colleges; special funds
170 of Mississippi Industries for the Blind, the State Port at
171 Gulfport, Yellow Creek Inland Port, Pat Harrison Waterway
172 District, Pearl River Basin Development District, Pearl River

173 Valley Water Management District, Tombigbee River Valley Water
174 Management District, Yellow Creek Watershed Authority, or Coast
175 Coliseum Commission; special funds of the Department of Wildlife,
176 Fisheries and Parks derived from the issuance of hunting or
177 fishing licenses; and special funds generated by agencies whose
178 primary function includes the establishment of standards and the
179 issuance of licenses for the practice of a profession within the
180 State of Mississippi.

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