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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.