

By: Senator(s) Chaney, King,
Burton, White, Carmichael,
Dearing, Nunnelee, Lee (35th)

To: Finance

COMMITTEE SUBSTITUTE
FOR
SENATE BILL NO. 2022

1 AN ACT TO AMEND SECTIONS 27-39-333 AND 37-57-108, MISSISSIPPI
2 CODE OF 1972, TO AUTHORIZE SCHOOL DISTRICTS TO INCREASE TERM LIMIT
3 AND REPAYMENT OPTIONS ON PROMISSORY NOTES ISSUED DUE TO REVENUE
4 SHORTFALL RELATED TO HURRICANE KATRINA; AND FOR RELATED PURPOSES.

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

6 **SECTION 1.** Section 27-39-333, Mississippi Code of 1972, is
7 amended as follows:

8 **[Through June 30, 2007, this section shall read as follows:]**

9 27-39-333. (1) For purposes of this section, the following
10 terms shall have the meanings ascribed herein:

11 (a) "Political subdivision" means any political
12 subdivision which receives ad valorem tax revenue.

13 (b) "Levying authority" means any political subdivision
14 having legal authority to levy ad valorem taxes for its operation
15 or for the operation of another political subdivision.

16 (2) Any political subdivision which, during a fiscal year,
17 estimates that the amount of the ad valorem taxes or other
18 anticipated revenue from local sources to be collected therein is
19 less than the amount estimated at the time of formulation of its
20 budget for the fiscal year due to circumstances which were
21 unanticipated at the time of formulation of the budget and which
22 will prevent the political subdivision from meeting its financial
23 obligations may, with the approval of the levying authority for
24 such political subdivision, issue promissory notes in an amount
25 equal to the estimated shortfall of ad valorem taxes and/or
26 revenue from local sources but in no event to exceed twenty-five
27 percent (25%) of its budget anticipated to be funded from the
28 sources of the shortfall for the fiscal year. However, for

29 reasons related to Hurricane Katrina, a political subdivision
30 desiring to issue promissory notes in excess of twenty-five
31 percent (25%) of its budget anticipated to be funded from the
32 sources of the shortfall may do so as provided in subsection (6)
33 of this section.

34 (3) The proceeds of such notes shall be used in the budget
35 or budgets in which the shortfall occurred and shall be used
36 solely to offset the shortfall in such budgets for the fiscal
37 year. The rate of interest paid thereon shall not exceed that
38 amount set forth in Section 75-17-105, Mississippi Code of 1972.
39 Except as otherwise provided in subsection (6) of this section,
40 the indebtedness shall be repaid in full, including interest
41 thereon, in equal installments, during the three (3) fiscal years
42 next succeeding the fiscal year in which the notes were issued.
43 For the payment of such indebtedness, the levying authority for
44 the political subdivision shall, at its next regular meeting at
45 which ad valorem taxes are lawfully levied, levy an ad valorem tax
46 sufficient to repay the indebtedness in full, including interest.
47 The proceeds of the notes shall be included as proceeds of ad
48 valorem taxes for the purposes of the limitation on increases in
49 revenue for the next succeeding fiscal year under Section
50 27-39-305, 27-39-320, 27-39-321 or 37-57-107, Mississippi Code of
51 1972, whichever is applicable depending upon the purpose for which
52 such proceeds are used.

53 (4) Any notes issued under this section prior to the
54 effective date of Laws 1987, Chapter 507, shall be repaid as
55 provided in Section 28, Chapter 514, Laws of 1985.

56 (5) For the purposes of Sections 27-39-305, 27-39-320,
57 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when
58 used in connection with the amount of funds generated in a
59 preceding fiscal year shall include excess receipts collected in
60 the next preceding fiscal year and deposited into a special
61 account under Section 27-39-323.

62 (6) (a) For reasons related to Hurricane Katrina, a public
63 school district may increase the amount of promissory notes that
64 it may issue from an amount not in excess of twenty-five percent
65 (25%) of its budget anticipated to be funded from the sources of
66 the shortfall to an amount not to exceed fifty percent (50%) of
67 its budget anticipated to be funded from the sources of the
68 shortfall, and may increase the time during which the indebtedness
69 must be repaid in full to during the seven (7) fiscal years next
70 succeeding the fiscal year in which the notes were issued, if the
71 school district first receives the approval of the State Board of
72 Education based upon written justification therefor; and

73 (b) For reasons related to Hurricane Katrina, a
74 political subdivision may increase the amount of promissory notes
75 that it may issue from an amount not in excess of twenty-five
76 percent (25%) of its budget anticipated to be funded from the
77 sources of the shortfall to an amount not to exceed fifty percent
78 (50%) of its budget anticipated to be funded from the sources of
79 the shortfall, and may increase the time during which the
80 indebtedness must be repaid to during the seven (7) years next
81 succeeding the fiscal year in which the notes were issued, if the
82 political subdivision first receives the approval of the State
83 Treasurer based upon written justification therefor.

84 **[From and after July 1, 2007, this section shall read as**
85 **follows:]**

86 27-39-333. (1) For purposes of this section, the following
87 terms shall have the meanings ascribed herein:

88 (a) "Political subdivision" means any political
89 subdivision which receives ad valorem tax revenue.

90 (b) "Levying authority" means any political subdivision
91 having legal authority to levy ad valorem taxes for its operation
92 or for the operation of another political subdivision.

93 (2) Any political subdivision which, during a fiscal year,
94 estimates that the amount of the ad valorem taxes or other

95 anticipated revenue from local sources to be collected therein is
96 less than the amount estimated at the time of formulation of its
97 budget for the fiscal year due to circumstances which were
98 unanticipated at the time of formulation of the budget and which
99 will prevent the political subdivision from meeting its financial
100 obligations may, with the approval of the levying authority for
101 such political subdivision, issue promissory notes in an amount
102 equal to the estimated shortfall of ad valorem taxes and/or
103 revenue from local sources but in no event to exceed twenty-five
104 percent (25%) of its budget anticipated to be funded from the
105 sources of the shortfall for the fiscal year.

106 (3) The proceeds of such notes shall be used in the budget
107 or budgets in which the shortfall occurred and shall be used
108 solely to offset the shortfall in such budgets for the fiscal
109 year. The rate of interest paid thereon shall not exceed that
110 amount set forth in Section 75-17-105, Mississippi Code of 1972.
111 The indebtedness shall be repaid in full, including interest
112 thereon, in equal installments, during the three (3) fiscal years
113 next succeeding the fiscal year in which the notes were issued.
114 For the payment of such indebtedness, the levying authority for
115 the political subdivision shall, at its next regular meeting at
116 which ad valorem taxes are lawfully levied, levy an ad valorem tax
117 sufficient to repay the indebtedness in full, including interest.
118 The proceeds of the notes shall be included as proceeds of ad
119 valorem taxes for the purposes of the limitation on increases in
120 revenue for the next succeeding fiscal year under Section
121 27-39-305, 27-39-320, 27-39-321 or 37-57-107, Mississippi Code of
122 1972, whichever is applicable depending upon the purpose for which
123 such proceeds are used.

124 (4) Any notes issued under this section prior to the
125 effective date of Laws 1987, Chapter 507, shall be repaid as
126 provided in Section 28, Chapter 514, Laws of 1985.

127 (5) For the purposes of Sections 27-39-305, 27-39-320,
128 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when
129 used in connection with the amount of funds generated in a
130 preceding fiscal year shall include excess receipts collected in
131 the next preceding fiscal year and deposited into a special
132 account under Section 27-39-323.

133 **SECTION 2.** Section 37-57-108, Mississippi Code of 1972, is
134 amended as follows:

135 **[Through June 30, 2007, this section shall read as follows:]**

136 37-57-108. In the event that the amount of revenue collected
137 or estimated to be collected from local sources, on behalf of a
138 school district during a fiscal year, is less than the amount
139 provided for in the duly adopted budget of said school district
140 for the fiscal year, then the school district may issue promissory
141 notes in an amount and in the manner set forth in Section
142 27-39-333, not to exceed the estimated shortfall of revenue from
143 local sources, but in no event to exceed twenty-five percent (25%)
144 of its budget anticipated to be funded from the sources of the
145 shortfall for the fiscal year. A school district issuing notes
146 under the provisions of this section shall not be required to
147 publish notice of its intention to do so or to secure the consent
148 of the qualified electors or the tax levying authority of such
149 school district. However, for reasons related to Hurricane
150 Katrina, a public school district may issue promissory notes in an
151 amount in excess of twenty-five percent (25%) of its budget
152 anticipated to be funded from the sources of the shortfall to an
153 amount not to exceed fifty percent (50%) of its budget anticipated
154 to be funded from the sources of the shortfall, if the school
155 district first receives the approval of the State Board of
156 Education based upon written justification therefor.

157 **[From and after July 1, 2007, this section shall read as**
158 **follows:]**

159 37-57-108. In the event that the amount of revenue collected
160 or estimated to be collected from local sources, on behalf of a
161 school district during a fiscal year, is less than the amount
162 provided for in the duly adopted budget of said school district
163 for the fiscal year, then the school district may issue promissory
164 notes in an amount and in the manner set forth in Section
165 27-39-333, not to exceed the estimated shortfall of revenue from
166 local sources, but in no event to exceed twenty-five percent (25%)
167 of its budget anticipated to be funded from the sources of the
168 shortfall for the fiscal year. A school district issuing notes
169 under the provisions of this section shall not be required to
170 publish notice of its intention to do so or to secure the consent
171 of the qualified electors or the tax levying authority of such
172 school district.

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