

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

To: Finance

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; 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 [Until 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 fifty percent
27 (50%) of its budget anticipated to be funded from the sources of
28 the shortfall for the fiscal year.

29 (3) The proceeds of such notes shall be used in the budget
30 or budgets in which the shortfall occurred and shall be used
31 solely to offset the shortfall in such budgets for the fiscal
32 year. The rate of interest paid thereon shall not exceed that
33 amount set forth in Section 75-17-105, Mississippi Code of 1972.
34 The indebtedness shall be repaid in full, including interest
35 thereon, in equal installments, during the seven (7) fiscal years
36 next succeeding the fiscal year in which the notes were issued.
37 For the payment of such indebtedness, the levying authority for
38 the political subdivision shall, at its next regular meeting at
39 which ad valorem taxes are lawfully levied, levy an ad valorem tax
40 sufficient to repay the indebtedness in full, including interest.
41 The proceeds of the notes shall be included as proceeds of ad
42 valorem taxes for the purposes of the limitation on increases in
43 revenue for the next succeeding fiscal year under Section
44 27-39-305, 27-39-320, 27-39-321 or 37-57-107, Mississippi Code of
45 1972, whichever is applicable depending upon the purpose for which
46 such proceeds are used.

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

50 (5) For the purposes of Sections 27-39-305, 27-39-320,
51 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when
52 used in connection with the amount of funds generated in a
53 preceding fiscal year shall include excess receipts collected in
54 the next preceding fiscal year and deposited into a special
55 account under Section 27-39-323.

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

58 27-39-333. (1) For purposes of this section, the following
59 terms shall have the meanings ascribed herein:

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

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

65 (2) Any political subdivision which, during a fiscal year,
66 estimates that the amount of the ad valorem taxes or other
67 anticipated revenue from local sources to be collected therein is
68 less than the amount estimated at the time of formulation of its
69 budget for the fiscal year due to circumstances which were
70 unanticipated at the time of formulation of the budget and which
71 will prevent the political subdivision from meeting its financial
72 obligations may, with the approval of the levying authority for
73 such political subdivision, issue promissory notes in an amount
74 equal to the estimated shortfall of ad valorem taxes and/or
75 revenue from local sources but in no event to exceed twenty-five
76 percent (25%) of its budget anticipated to be funded from the
77 sources of the shortfall for the fiscal year.

78 (3) The proceeds of such notes shall be used in the budget
79 or budgets in which the shortfall occurred and shall be used
80 solely to offset the shortfall in such budgets for the fiscal
81 year. The rate of interest paid thereon shall not exceed that
82 amount set forth in Section 75-17-105, Mississippi Code of 1972.
83 The indebtedness shall be repaid in full, including interest
84 thereon, in equal installments, during the three (3) fiscal years
85 next succeeding the fiscal year in which the notes were issued.
86 For the payment of such indebtedness, the levying authority for
87 the political subdivision shall, at its next regular meeting at
88 which ad valorem taxes are lawfully levied, levy an ad valorem tax
89 sufficient to repay the indebtedness in full, including interest.
90 The proceeds of the notes shall be included as proceeds of ad
91 valorem taxes for the purposes of the limitation on increases in
92 revenue for the next succeeding fiscal year under Section
93 27-39-305, 27-39-320, 27-39-321 or 37-57-107, Mississippi Code of

94 1972, whichever is applicable depending upon the purpose for which
95 such proceeds are used.

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

99 (5) For the purposes of Sections 27-39-305, 27-39-320,
100 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when
101 used in connection with the amount of funds generated in a
102 preceding fiscal year shall include excess receipts collected in
103 the next preceding fiscal year and deposited into a special
104 account under Section 27-39-323.

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

107 **[Until June 30, 2007, this section shall read as follows:]**

108 37-57-108. In the event that the amount of revenue collected
109 or estimated to be collected from local sources, on behalf of a
110 school district during a fiscal year, is less than the amount
111 provided for in the duly adopted budget of said school district
112 for the fiscal year, then the school district may issue promissory
113 notes in an amount and in the manner set forth in Section
114 27-39-333, not to exceed the estimated shortfall of revenue from
115 local sources, but in no event to exceed fifty percent (50%) of
116 its budget anticipated to be funded from the sources of the
117 shortfall for the fiscal year. A school district issuing notes
118 under the provisions of this section shall not be required to
119 publish notice of its intention to do so or to secure the consent
120 of the qualified electors or the tax levying authority of such
121 school district.

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

124 37-57-108. In the event that the amount of revenue collected
125 or estimated to be collected from local sources, on behalf of a
126 school district during a fiscal year, is less than the amount

127 provided for in the duly adopted budget of said school district
128 for the fiscal year, then the school district may issue promissory
129 notes in an amount and in the manner set forth in Section
130 27-39-333, not to exceed the estimated shortfall of revenue from
131 local sources, but in no event to exceed twenty-five percent (25%)
132 of its budget anticipated to be funded from the sources of the
133 shortfall for the fiscal year. A school district issuing notes
134 under the provisions of this section shall not be required to
135 publish notice of its intention to do so or to secure the consent
136 of the qualified electors or the tax levying authority of such
137 school district.

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