

House Amendments to Senate Bill No. 2022

TO THE SECRETARY OF THE SENATE:

THIS IS TO INFORM YOU THAT THE HOUSE HAS ADOPTED THE AMENDMENTS SET OUT BELOW:

AMENDMENT NO. 1

Amend by striking all after the enacting clause and inserting in lieu thereof the following:

15 **SECTION 1.** Section 37-57-108, Mississippi Code of 1972, is
16 amended as follows:

17 **[From and after the effective date of this act through June**
18 **30, 2007, this act shall read as follows:]**

19 37-57-108. (1) In the event that the amount of revenue
20 collected or estimated to be collected from local sources, on
21 behalf of a school district during a fiscal year, is less than the
22 amount provided for in the duly adopted budget of said school
23 district for the fiscal year, then the school district may issue
24 promissory notes in an amount and in the manner set forth in
25 Section 27-39-333, not to exceed the estimated shortfall of
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. A school district
29 issuing notes under the provisions of this section shall not be
30 required to publish notice of its intention to do so or to secure
31 the consent of the qualified electors or the tax levying authority
32 of such school district.

33 (2) If the amount of revenue collected or estimated to be
34 collected from local sources, on behalf of a school district
35 during a fiscal year, is less than the amount provided for in the
36 duly adopted budget of the school district for the fiscal year as
37 a result of a natural disaster, then the school district may issue
38 promissory notes in an amount and in the manner set forth in
39 Section 27-39-333, not to exceed the estimated shortfall of
40 revenue from local sources, but in no event to exceed fifty

41 percent (50%) of its budget anticipated to be funded from the
42 sources of the shortfall for the fiscal year; however, in Hancock,
43 Harrison, Jones, Forrest and Jackson Counties, the promissory
44 notes may not exceed eighty percent (80%) of its budget
45 anticipated to be funded from the sources of the shortfall for the
46 fiscal year. In order for a school district to issue notes under
47 the provisions of this section, the superintendent must recommend
48 such action to the school board and the board must duly adopt and
49 enter upon its official minutes a resolution setting forth
50 specific findings as to how the district meets the requirements of
51 this section. Before any such note is issued, the State Auditor
52 of Public Accounts must verify the findings of the board. The
53 State Auditor shall act within fourteen (14) days of submission of
54 the board's findings to him. Failure of the State Auditor to act
55 to approve or disapprove within fourteen (14) days of submission
56 shall result in the State Auditor's approval by operation of law.

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

59 37-57-108. In the event that the amount of revenue collected
60 or estimated to be collected from local sources, on behalf of a
61 school district during a fiscal year, is less than the amount
62 provided for in the duly adopted budget of said school district
63 for the fiscal year, then the school district may issue promissory
64 notes in an amount and in the manner set forth in Section
65 27-39-333, not to exceed the estimated shortfall of revenue from
66 local sources, but in no event to exceed twenty-five percent (25%)
67 of its budget anticipated to be funded from the sources of the
68 shortfall for the fiscal year. A school district issuing notes
69 under the provisions of this section shall not be required to
70 publish notice of its intention to do so or to secure the consent
71 of the qualified electors or the tax levying authority of such
72 school district.

73 **SECTION 2.** Section 27-39-333, Mississippi Code of 1972, is
74 amended as follows:

75 **[From and after the effective date of this act through June**
76 **30, 2007, this act shall read as follows:]**

77 27-39-333. (1) For purposes of this section, the following
78 terms shall have the meanings ascribed herein:

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

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

84 (2) Any political subdivision which, during a fiscal year,
85 estimates that the amount of the ad valorem taxes or other
86 anticipated revenue from local sources to be collected therein is
87 less than the amount estimated at the time of formulation of its
88 budget for the fiscal year due to circumstances which were
89 unanticipated at the time of formulation of the budget and which
90 will prevent the political subdivision from meeting its financial
91 obligations may, with the approval of the levying authority for
92 such political subdivision, issue promissory notes in an amount
93 equal to the estimated shortfall of ad valorem taxes and/or
94 revenue from local sources but in no event to exceed twenty-five
95 percent (25%) of its budget anticipated to be funded from the
96 sources of the shortfall for the fiscal year. However, if a
97 political subdivision which, during a fiscal year, estimates that
98 the amount of the ad valorem taxes or other anticipated revenue
99 from local sources to be collected therein is less than the amount
100 estimated at the time of formulation of its budget for the fiscal
101 year as a result of a natural disaster and which will prevent the
102 political subdivision from meeting its financial obligations may,
103 with the approval of the levying authority for such political
104 subdivision, issue promissory notes in an amount equal to the
105 estimated shortfall of ad valorem taxes and/or revenue from local
106 sources but in no event to exceed fifty percent (50%) of its
107 budget anticipated to be funded from the sources of the shortfall
108 for the fiscal year; however, in Hancock, Harrison, Jones, Forrest
109 and Jackson Counties, the promissory notes shall not exceed eighty

110 (80%) of its budget anticipated to be funded from sources of the
111 shortfall. Before any such note is issued, the State Auditor of
112 Public Accounts must verify the findings of the board. The State
113 Auditor shall act within fourteen (14) days of submission of the
114 board's findings to him. Failure of the State Auditor to act to
115 approve or disapprove within fourteen (14) days of submission
116 shall result in the State Auditor's approval by operation of law.

117 (3) The proceeds of such notes shall be used in the budget
118 or budgets in which the shortfall occurred and shall be used
119 solely to offset the shortfall in such budgets for the fiscal
120 year. The rate of interest paid thereon shall not exceed that
121 amount set forth in Section 75-17-105, Mississippi Code of 1972.
122 The indebtedness shall be repaid in full, including interest
123 thereon, in equal installments, during the three (3) fiscal years
124 next succeeding the fiscal year in which the notes were issued.
125 However, if the proceeds of such notes used in the budget or
126 budgets in which the shortfall occurred as a result of a natural
127 disaster, the indebtedness shall be repaid in full, including
128 interest thereon, during the seven (7) fiscal years next
129 succeeding the fiscal year in which the notes were issued. For
130 the payment of such indebtedness, the levying authority for the
131 political subdivision shall, at its next regular meeting at which
132 ad valorem taxes are lawfully levied, levy an ad valorem tax
133 sufficient to repay the indebtedness in full, including interest.
134 The proceeds of the notes shall be included as proceeds of ad
135 valorem taxes for the purposes of the limitation on increases in
136 revenue for the next succeeding fiscal year under Section
137 27-39-305, 27-39-320, 27-39-321 or 37-57-107, Mississippi Code of
138 1972, whichever is applicable depending upon the purpose for which
139 such proceeds are used.

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

143 (5) For the purposes of Sections 27-39-305, 27-39-320,
144 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when

145 used in connection with the amount of funds generated in a
146 preceding fiscal year shall include excess receipts collected in
147 the next preceding fiscal year and deposited into a special
148 account under Section 27-39-323.

149 **[From and after July 1, 2007, this act shall read as**
150 **follows:]**

151 27-39-333. (1) For purposes of this section, the following
152 terms shall have the meanings ascribed herein:

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

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

158 (2) Any political subdivision which, during a fiscal year,
159 estimates that the amount of the ad valorem taxes or other
160 anticipated revenue from local sources to be collected therein is
161 less than the amount estimated at the time of formulation of its
162 budget for the fiscal year due to circumstances which were
163 unanticipated at the time of formulation of the budget and which
164 will prevent the political subdivision from meeting its financial
165 obligations may, with the approval of the levying authority for
166 such political subdivision, issue promissory notes in an amount
167 equal to the estimated shortfall of ad valorem taxes and/or
168 revenue from local sources but in no event to exceed twenty-five
169 percent (25%) of its budget anticipated to be funded from the
170 sources of the shortfall for the fiscal year.

171 (3) The proceeds of such notes shall be used in the budget
172 or budgets in which the shortfall occurred and shall be used
173 solely to offset the shortfall in such budgets for the fiscal
174 year. The rate of interest paid thereon shall not exceed that
175 amount set forth in Section 75-17-105, Mississippi Code of 1972.
176 The indebtedness shall be repaid in full, including interest
177 thereon, in equal installments, during the three (3) fiscal years
178 next succeeding the fiscal year in which the notes were issued.
179 For the payment of such indebtedness, the levying authority for

180 the political subdivision shall, at its next regular meeting at
181 which ad valorem taxes are lawfully levied, levy an ad valorem tax
182 sufficient to repay the indebtedness in full, including interest.
183 The proceeds of the notes shall be included as proceeds of ad
184 valorem taxes for the purposes of the limitation on increases in
185 revenue for the next succeeding fiscal year under Section
186 27-39-305, 27-39-320, 27-39-321 or 37-57-107, Mississippi Code of
187 1972, whichever is applicable depending upon the purpose for which
188 such proceeds are used.

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

192 (5) For the purposes of Sections 27-39-305, 27-39-320,
193 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when
194 used in connection with the amount of funds generated in a
195 preceding fiscal year shall include excess receipts collected in
196 the next preceding fiscal year and deposited into a special
197 account under Section 27-39-323.

198 **SECTION 3.** Section 37-59-111, Mississippi Code of 1972, is
199 amended as follows:

200 **[From and after the effective date of this act through June**
201 **30, 2007, this act shall read as follows:]**

202 37-59-111. All indebtedness incurred under the provisions of
203 this article shall be evidenced by the negotiable notes or
204 certificates of indebtedness of the school district on whose
205 behalf the money is borrowed. Said notes or certificates of
206 indebtedness shall be signed by the president of the school board
207 and superintendent of schools of such school district. Such notes
208 or certificates of indebtedness shall not bear a greater overall
209 maximum interest rate to maturity than the rates now or hereafter
210 authorized under the provisions of Section 19-9-19. No such notes
211 or certificates of indebtedness shall be issued and sold for less
212 than par and accrued interest. All such notes or certificates of
213 indebtedness shall mature according to the following:

214 (a) All notes or certificates of indebtedness issued
215 for purposes authorized under Section 37-59-101, with the
216 exception of the financing of school buses and transportation
217 equipment, shall mature in approximately equal installments of
218 principal and interest over a period not to exceed twenty (20)
219 years from the date of issuance thereof. However, notes or
220 certificates of indebtedness issued as a result of a natural
221 disaster for purposes authorized under Section 37-59-101, with the
222 exception of the financing of school buses and transportation
223 equipment, shall mature over a period not to exceed twenty (20)
224 years from the date of issuance thereof. Provided, however, that
225 if negotiable notes used to finance other such capital
226 improvements are outstanding from not more than one (1) previous
227 issue authorized under the provisions of this article, then the
228 schedule of payments for a new or supplementary issue may be so
229 adjusted that the schedule of maturities of all notes or series of
230 notes hereunder shall, when combined, mature as provided herein
231 over a period of twenty (20) years from the date of the new or
232 supplementary issue, or if a lower interest rate will be secured
233 on notes previously issued and outstanding, a portion of the
234 proceeds of any issue authorized hereunder may be used to refund
235 the balance of the indebtedness previously issued under the
236 authority of this article.

237 (b) All notes or certificates of indebtedness for
238 purposes of financing of school buses and transportation equipment
239 shall mature in approximately equal installments of principal and
240 interest over a period not to exceed ten (10) years from the date
241 of issuance thereof. However, notes or certificates of
242 indebtedness issued as a result of a natural disaster for purposes
243 of financing of school buses and transportation equipment shall
244 mature over a period not to exceed ten (10) years from the date of
245 issuance thereof. Provided, however, that if negotiable notes
246 used to finance such noncapital improvements are outstanding from
247 not more than one (1) previous issue authorized under the
248 provisions of this article, then the schedule of payments for a

249 new or supplementary issue may be so adjusted that the schedule of
250 maturities of all notes or series of notes hereunder shall, when
251 combined, mature as provided herein over a period of ten (10)
252 years from the date of the new or supplementary issue, or if a
253 lower interest rate will thereby be secured on notes previously
254 issued and outstanding, a portion of the proceeds of any issue
255 authorized hereunder may be used to refund the balance of the
256 indebtedness previously issued under the authority of this
257 article.

258 Such notes or certificates of indebtedness shall be issued in
259 such form and in such denominations as may be determined by the
260 school board, and same may be made payable at the office of any
261 bank or trust company selected by the school board, and, in such
262 case, funds for the payment of principal and interest due thereon
263 shall be provided in the same manner provided by law for the
264 payment of the principal and interest due on bonds issued by the
265 taxing districts of this state.

266 Any school district in Mississippi may borrow money from the
267 Rural Development Authority under any provision of state or
268 federal law that provides for borrowing.

269 **[From and after July 1, 2007, this act shall read as**
270 **follows:]**

271 37-59-111. All indebtedness incurred under the provisions of
272 this article shall be evidenced by the negotiable notes or
273 certificates of indebtedness of the school district on whose
274 behalf the money is borrowed. Said notes or certificates of
275 indebtedness shall be signed by the president of the school board
276 and superintendent of schools of such school district. Such notes
277 or certificates of indebtedness shall not bear a greater overall
278 maximum interest rate to maturity than the rates now or hereafter
279 authorized under the provisions of Section 19-9-19. No such notes
280 or certificates of indebtedness shall be issued and sold for less
281 than par and accrued interest. All such notes or certificates of
282 indebtedness shall mature according to the following:

283 (a) All notes or certificates of indebtedness issued
284 for purposes authorized under Section 37-59-101, with the
285 exception of the financing of school buses and transportation
286 equipment, shall mature in approximately equal installments of
287 principal and interest over a period not to exceed twenty (20)
288 years from the date of issuance thereof. Provided, however, that
289 if negotiable notes used to finance other such capital
290 improvements are outstanding from not more than one (1) previous
291 issue authorized under the provisions of this article, then the
292 schedule of payments for a new or supplementary issue may be so
293 adjusted that the schedule of maturities of all notes or series of
294 notes hereunder shall, when combined, mature in approximately
295 equal installments of principal and interest over a period of
296 twenty (20) years from the date of the new or supplementary issue,
297 or if a lower interest rate will be secured on notes previously
298 issued and outstanding, a portion of the proceeds of any issue
299 authorized hereunder may be used to refund the balance of the
300 indebtedness previously issued under the authority of this
301 article.

302 (b) All notes or certificates of indebtedness for
303 purposes of financing of school buses and transportation equipment
304 shall mature in approximately equal installments of principal and
305 interest over a period not to exceed ten (10) years from the date
306 of issuance thereof. Provided, however, that if negotiable notes
307 used to finance such noncapital improvements are outstanding from
308 not more than one (1) previous issue authorized under the
309 provisions of this article, then the schedule of payments for a
310 new or supplementary issue may be so adjusted that the schedule of
311 maturities of all notes or series of notes hereunder shall, when
312 combined, mature in approximately equal installments of principal
313 and interest over a period of ten (10) years from the date of the
314 new or supplementary issue, or if a lower interest rate will
315 thereby be secured on notes previously issued and outstanding, a
316 portion of the proceeds of any issue authorized hereunder may be

317 used to refund the balance of the indebtedness previously issued
318 under the authority of this article.

319 Such notes or certificates of indebtedness shall be issued in
320 such form and in such denominations as may be determined by the
321 school board, and same may be made payable at the office of any
322 bank or trust company selected by the school board, and, in such
323 case, funds for the payment of principal and interest due thereon
324 shall be provided in the same manner provided by law for the
325 payment of the principal and interest due on bonds issued by the
326 taxing districts of this state.

327 Any school district issuing debt under any provision of state
328 law that authorizes school districts to borrow money may sell the
329 debt to the United States Department of Agriculture Rural
330 Development agency in the same manner and subject to the same
331 limitations as provided in the statutes under which the debt was
332 incurred.

333 **SECTION 4.** This act shall take effect and be in force from
334 and after its passage.

**Further, amend by striking the title in its entirety and
inserting in lieu thereof the following:**

1 AN ACT TO AMEND SECTION 37-57-108, MISSISSIPPI CODE OF 1972,
2 TO INCREASE THE LIMIT OF THE AMOUNT OF MONEY ALLOWED TO BE
3 BORROWED BY CERTAIN SCHOOL DISTRICTS; TO AMEND SECTION 27-39-333,
4 MISSISSIPPI CODE OF 1972, TO INCREASE THE LENGTH OF TIME FOR
5 CERTAIN DISTRICTS TO REPAY FUNDS IF THERE HAS BEEN A REVENUE
6 SHORTFALL; TO AMEND SECTION 37-59-111, MISSISSIPPI CODE OF 1972,
7 TO PROVIDE THAT NOTES OR CERTIFICATES OF INDEBTEDNESS FOR CERTAIN
8 PURPOSES FOR CERTAIN SCHOOL DISTRICTS DO NOT HAVE TO BE PAID BACK
9 IN EQUAL INSTALLMENTS; TO CLARIFY THAT ANY SCHOOL DISTRICT ISSUING
10 DEBT UNDER ANY PROVISION OF STATE LAW THAT AUTHORIZES SCHOOL
11 DISTRICTS TO BORROW MONEY MAY SELL THE DEBT TO THE UNITED STATES
12 DEPARTMENT OF AGRICULTURE RURAL DEVELOPMENT AGENCY SUBJECT TO THE
13 SAME LIMITATIONS IN THE STATE STATUTES; AND FOR RELATED PURPOSES.

HR03\SB2022PH.J

Don Richardson
Clerk of the House of Representatives