

October 27, 2005

TO THE MISSISSIPPI HOUSE OF REPRESENTATIVES:

GOVERNOR'S VETO MESSAGE FOR HOUSE BILL 29

I am returning House Bill 29: "AN ACT TO AMEND SECTIONS 17-21-51 AND 17-21-53, MISSISSIPPI CODE OF 1972, TO REVISE THE PURPOSES FOR WHICH COUNTIES AND MUNICIPALITIES LOCATED IN THE SIX MOST SOUTHERN COUNTIES OF THE STATE COVERED BY THE PRESIDENTIAL DECLARATION OF MAJOR DISASTER FOR THE STATE OF MISSISSIPPI DATED AUGUST 29, 2005, AND FORREST AND JONES COUNTY FOR REASONS RELATED TO SUCH DISASTER, MAY ISSUE CERTAIN NEGOTIABLE NOTES AND CERTIFICATES OF INDEBTEDNESS; TO PROVIDE THAT SUCH NOTES AND CERTIFICATES MAY BE OFFERED AT PUBLIC OR PRIVATE SALE; TO INCREASE THE MAXIMUM TOTAL INDEBTEDNESS THAT SUCH COUNTIES AND MUNICIPALITIES MAY INCUR AND TO EXEMPT SUCH NOTES AND CERTIFICATES FROM CERTAIN DEBT LIMITATIONS; TO REVISE THE MAXIMUM MATURITY FOR SUCH NOTES AND CERTIFICATES; TO AMEND SECTIONS 31-15-7, 31-15-9, 31-15-17, 31-15-21 and 31-15-25, MISSISSIPPI CODE OF 1972, TO REVISE THE MAXIMUM INTEREST RATE FOR REFUNDING BONDS ISSUED BY POLITICAL SUBDIVISIONS LOCATED IN ONE OF THE SIX MOST SOUTHERN COUNTIES OF THE STATE; TO REVISE THE TERMS UNDER WHICH REFUNDING BONDS MAY BE ISSUED BY POLITICAL SUBDIVISIONS LOCATED IN ONE OF THE SIX MOST SOUTHERN COUNTIES OF THE STATE COVERED BY THE PRESIDENTIAL DECLARATION OF MAJOR DISASTER FOR THE STATE OF MISSISSIPPI DATED AUGUST 29, 2005, AND FORREST AND JONES COUNTY FOR REASONS RELATED TO SUCH DISASTER; TO PROVIDE THAT ANY SUCH POLITICAL SUBDIVISION THAT HAS ISSUED TAX INCREMENT, SPECIAL ASSESSMENT OR OTHER SPECIAL OR LIMITED OBLIGATION BONDS BEFORE AUGUST 29, 2005, MAY AS AN ALTERNATIVE TO ISSUING REFUNDING BONDS, MAKE PRINCIPAL AND INTEREST PAYMENTS ON SUCH BONDS FROM ANY AVAILABLE FUNDS OF THE POLITICAL SUBDIVISION; TO PROVIDE THAT REFUNDING BONDS OF SUCH COUNTIES AND MUNICIPALITIES MAY BE SECURED BY THE PLEDGE OF THE FULL FAITH, CREDIT AND RESOURCES OF THE COUNTY OR MUNICIPALITY; AND FOR RELATED PURPOSES." without my approval, and assign the following reasons for my veto.

The continued operation of local governments following a disaster is essential. Local governments must continue to have the ability to pay emergency personnel, ensure the continuity of the functions of county government, and promote and secure the safety and protection of the civilian population. For this reason, I included a number of items specific to local governments in my proclamation convening the 5th Extraordinary Session of 2005, and the Legislature passed, and I signed, a number of them. However, after full consideration, I am vetoing House Bill 29 for several reasons.

First, House Bill 29 is outside the scope of my proclamation, dated September 26, 2005, convening the 5th Extraordinary Session of 2005. Section 121 of the Constitution of the State of Mississippi gives the Governor the power to convene the Legislature in Extraordinary Session and state the subjects and matters to be considered. Section 121 further states that the Legislature "shall have no power to consider or act upon subjects or matters other than those designated in the proclamation of the Governor by which the session is called." House Bill 29 relaxes certain borrowing provisions for governing authorities in eight counties in Mississippi; neither the sections of the Mississippi Code that are amended in the bill nor the subject matter of relaxing statutory requirements for local government borrowings was included in my proclamation of September 26, 2005. Therefore, House Bill 29 is beyond the scope of the subjects that could be considered by the Legislature in the 5th Extraordinary Session of 2005.

In addition, a number of programs are now available to address the short term financing needs of local governments. As a result, many provisions of HB 29 are not needed at this time. The federal Community Disaster Loan program makes up to \$1 billion available to provide operational funding for local governments that have incurred a significant loss in revenue. The Mississippi Development Bank has made available a \$100 million line of credit for local governments, and the Mississippi Legislature has passed, and I have signed HB 43 which makes a \$500 million line of credit available to the State Bond Commission. The State's line of credit also may be used to assist local governments unable to meet short-term cash flow needs. These options should be sufficient to meet the current demands of local governing authorities. Therefore, the bill's potential negative ramifications, including additional costs to taxpayers, require that the bill not be enacted into law at this time.

Given the immense devastation experienced by local governments since *Hurricane Katrina* struck Mississippi, it is understandable that some local governments may need flexibility to service certain special limited obligation debt in a manner not currently allowed under law. As a result, on this date I have signed Executive Order Number 946, which will allow local governments this flexibility through the period of the State of Emergency that has been in force since *Hurricane Katrina* and continues to be in force.

As the implementation of new federal and state programs develops and as the fiscal condition of state and local governments becomes more certain, the need for additional local borrowing capacity and a change in other relevant statutes may arise. I look forward to working with the Legislature in the 2006 Regular Session to address these needs should they occur.

For these reasons, I urge the members to sustain the veto and reject House Bill 29.

Respectfully submitted,

Haley Barbour
Governor