

By: Representatives Watson, Reynolds

To: Ways and Means

HOUSE BILL NO. 1509

1 AN ACT TO AUTHORIZE THE ISSUANCE OF \$5,000,000.00 IN STATE  
 2 GENERAL OBLIGATION BONDS TO PROVIDE FUNDS FOR THE SMALL  
 3 MUNICIPALITIES AND LIMITED POPULATION COUNTIES FUND; TO AMEND  
 4 SECTION 57-1-18, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT A  
 5 PORTION OF THE PROCEEDS OF CERTAIN BONDS MAY BE UTILIZED BY THE  
 6 MISSISSIPPI DEVELOPMENT AUTHORITY TO REIMBURSE CERTAIN COSTS  
 7 RELATED TO THE ADMINISTRATION OF THE FUND; AND FOR RELATED  
 8 PURPOSES.

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

10 **SECTION 1.** As used in Sections 1 through 16 of this act, the  
 11 following words shall have the meanings ascribed herein unless the  
 12 context clearly requires otherwise:

13 (a) "Accreted value" of any bonds means, as of any date  
 14 of computation, an amount equal to the sum of (i) the stated  
 15 initial value of such bond, plus (ii) the interest accrued thereon  
 16 from the issue date to the date of computation at the rate,  
 17 compounded semiannually, that is necessary to produce the  
 18 approximate yield to maturity shown for bonds of the same  
 19 maturity.

20 (b) "State" means the State of Mississippi.

21 (c) "Commission" means the State Bond Commission.

22 **SECTION 2.** (1) The Mississippi Development Authority, at  
 23 one time, or from time to time, may declare by resolution the  
 24 necessity for issuance of general obligation bonds of the State of  
 25 Mississippi to provide funds for the grant program authorized in  
 26 Section 57-1-18. Upon the adoption of a resolution by the  
 27 Mississippi Development Authority, declaring the necessity for the  
 28 issuance of any part or all of the general obligation bonds  
 29 authorized by this section, the Mississippi Development Authority  
 30 shall deliver a certified copy of its resolution or resolutions to

31 the commission. Upon receipt of such resolution, the commission,  
32 in its discretion, may act as the issuing agent, prescribe the  
33 form of the bonds, advertise for and accept bids, issue and sell  
34 the bonds so authorized to be sold and do any and all other things  
35 necessary and advisable in connection with the issuance and sale  
36 of such bonds. The total amount of bonds issued under Sections 1  
37 through 16 of this act shall not exceed Five Million Dollars  
38 (\$5,000,000.00). No bonds authorized under Sections 1 through 16  
39 of this act shall be issued after July 1, 2010.

40 (2) The proceeds of bonds issued pursuant to Sections 1  
41 through 16 of this act shall be deposited into the Small  
42 Municipalities and Limited Population Counties Fund created  
43 pursuant to Section 57-1-18. Any investment earnings on bonds  
44 issued pursuant to Sections 1 through 16 of this act shall be used  
45 to pay debt service on bonds issued under Sections 1 through 16 of  
46 this act, in accordance with the proceedings authorizing issuance  
47 of such bonds.

48 **SECTION 3.** The principal of and interest on the bonds  
49 authorized under Sections 1 through 16 of this act shall be  
50 payable in the manner provided in this section. Such bonds shall  
51 bear such date or dates, be in such denomination or denominations,  
52 bear interest at such rate or rates (not to exceed the limits set  
53 forth in Section 75-17-101, Mississippi Code of 1972), be payable  
54 at such place or places within or without the State of  
55 Mississippi, shall mature absolutely at such time or times not to  
56 exceed twenty-five (25) years from date of issue, be redeemable  
57 before maturity at such time or times and upon such terms, with or  
58 without premium, shall bear such registration privileges, and  
59 shall be substantially in such form, all as shall be determined by  
60 resolution of the commission.

61 **SECTION 4.** The bonds authorized by Sections 1 through 16 of  
62 this act shall be signed by the chairman of the commission, or by  
63 his facsimile signature, and the official seal of the commission

64 shall be affixed thereto, attested by the secretary of the  
65 commission. The interest coupons, if any, to be attached to such  
66 bonds may be executed by the facsimile signatures of such  
67 officers. Whenever any such bonds shall have been signed by the  
68 officials designated to sign the bonds who were in office at the  
69 time of such signing but who may have ceased to be such officers  
70 before the sale and delivery of such bonds, or who may not have  
71 been in office on the date such bonds may bear, the signatures of  
72 such officers upon such bonds and coupons shall nevertheless be  
73 valid and sufficient for all purposes and have the same effect as  
74 if the person so officially signing such bonds had remained in  
75 office until their delivery to the purchaser, or had been in  
76 office on the date such bonds may bear. However, notwithstanding  
77 anything herein to the contrary, such bonds may be issued as  
78 provided in the Registered Bond Act of the State of Mississippi.

79       **SECTION 5.** All bonds and interest coupons issued under the  
80 provisions of Sections 1 through 16 of this act have all the  
81 qualities and incidents of negotiable instruments under the  
82 provisions of the Uniform Commercial Code, and in exercising the  
83 powers granted by Sections 1 through 16 of this act, the  
84 commission shall not be required to and need not comply with the  
85 provisions of the Uniform Commercial Code.

86       **SECTION 6.** The commission shall act as the issuing agent for  
87 the bonds authorized under Sections 1 through 16 of this act,  
88 prescribe the form of the bonds, advertise for and accept bids,  
89 issue and sell the bonds so authorized to be sold, pay all fees  
90 and costs incurred in such issuance and sale, and do any and all  
91 other things necessary and advisable in connection with the  
92 issuance and sale of such bonds. The commission is authorized and  
93 empowered to pay the costs that are incident to the sale, issuance  
94 and delivery of the bonds authorized under Sections 1 through 16  
95 of this act from the proceeds derived from the sale of such bonds.  
96 The commission shall sell such bonds on sealed bids at public

97 sale, and for such price as it may determine to be for the best  
98 interest of the State of Mississippi, but no such sale shall be  
99 made at a price less than par plus accrued interest to the date of  
100 delivery of the bonds to the purchaser. All interest accruing on  
101 such bonds so issued shall be payable semiannually or annually;  
102 however, the first interest payment may be for any period of not  
103 more than one (1) year.

104 Notice of the sale of any such bonds shall be published at  
105 least one time, not less than ten (10) days before the date of  
106 sale, and shall be so published in one or more newspapers  
107 published or having a general circulation in the City of Jackson,  
108 Mississippi, and in one or more other newspapers or financial  
109 journals with a national circulation, to be selected by the  
110 commission.

111 The commission, when issuing any bonds under the authority of  
112 Sections 1 through 16 of this act, may provide that bonds, at the  
113 option of the State of Mississippi, may be called in for payment  
114 and redemption at the call price named therein and accrued  
115 interest on such date or dates named therein.

116 **SECTION 7.** The bonds issued under the provisions of Sections  
117 1 through 16 of this act are general obligations of the State of  
118 Mississippi, and for the payment thereof the full faith and credit  
119 of the State of Mississippi is irrevocably pledged. If the funds  
120 appropriated by the Legislature are insufficient to pay the  
121 principal of and the interest on such bonds as they become due,  
122 then the deficiency shall be paid by the State Treasurer from any  
123 funds in the State Treasury not otherwise appropriated. All such  
124 bonds shall contain recitals on their faces substantially covering  
125 the provisions of this section.

126 **SECTION 8.** Upon the issuance and sale of bonds under the  
127 provisions of Sections 1 through 16 of this act, the commission  
128 shall transfer the proceeds of any such sale or sales to the Small  
129 Municipalities and Limited Population Counties Fund created in

130 Section 57-1-18. The proceeds of such bonds shall be disbursed  
131 solely upon the order of the Mississippi Development Authority  
132 under such restrictions, if any, as may be contained in the  
133 resolution providing for the issuance of the bonds.

134 **SECTION 9.** The bonds authorized under Sections 1 through 16  
135 of this act may be issued without any other proceedings or the  
136 happening of any other conditions or things other than those  
137 proceedings, conditions and things which are specified or required  
138 by Sections 1 through 16 of this act. Any resolution providing  
139 for the issuance of bonds under the provisions of Sections 1  
140 through 16 of this act shall become effective immediately upon its  
141 adoption by the commission, and any such resolution may be adopted  
142 at any regular or special meeting of the commission by a majority  
143 of its members.

144 **SECTION 10.** The bonds authorized under the authority of  
145 Sections 1 through 16 of this act may be validated in the Chancery  
146 Court of the First Judicial District of Hinds County, Mississippi,  
147 in the manner and with the force and effect provided by Chapter  
148 13, Title 31, Mississippi Code of 1972, for the validation of  
149 county, municipal, school district and other bonds. The notice to  
150 taxpayers required by such statutes shall be published in a  
151 newspaper published or having a general circulation in the City of  
152 Jackson, Mississippi.

153 **SECTION 11.** Any holder of bonds issued under the provisions  
154 of Sections 1 through 16 of this act or of any of the interest  
155 coupons pertaining thereto may, either at law or in equity, by  
156 suit, action, mandamus or other proceeding, protect and enforce  
157 any and all rights granted under Sections 1 through 16 of this  
158 act, or under such resolution, and may enforce and compel  
159 performance of all duties required by Sections 1 through 16 of  
160 this act to be performed, in order to provide for the payment of  
161 bonds and interest thereon.

162           **SECTION 12.** All bonds issued under the provisions of  
163 Sections 1 through 16 of this act shall be legal investments for  
164 trustees and other fiduciaries, and for savings banks, trust  
165 companies and insurance companies organized under the laws of the  
166 State of Mississippi, and such bonds shall be legal securities  
167 which may be deposited with and shall be received by all public  
168 officers and bodies of this state and all municipalities and  
169 political subdivisions for the purpose of securing the deposit of  
170 public funds.

171           **SECTION 13.** Bonds issued under the provisions of Sections 1  
172 through 16 of this act and income therefrom shall be exempt from  
173 all taxation in the State of Mississippi.

174           **SECTION 14.** The proceeds of the bonds issued under Sections  
175 1 through 16 of this act shall be used solely for the purposes  
176 therein provided, including the costs incident to the issuance and  
177 sale of such bonds.

178           **SECTION 15.** The State Treasurer is authorized, without  
179 further process of law, to certify to the Department of Finance  
180 and Administration the necessity for warrants, and the Department  
181 of Finance and Administration is authorized and directed to issue  
182 such warrants, in such amounts as may be necessary to pay when due  
183 the principal of, premium, if any, and interest on, or the  
184 accreted value of, all bonds issued under Sections 1 through 16 of  
185 this act; and the State Treasurer shall forward the necessary  
186 amount to the designated place or places of payment of such bonds  
187 in ample time to discharge such bonds, or the interest thereon, on  
188 the due dates thereof.

189           **SECTION 16.** Sections 1 through 16 of this act shall be  
190 deemed to be full and complete authority for the exercise of the  
191 powers therein granted, but Sections 1 through 16 of this act  
192 shall not be deemed to repeal or to be in derogation of any  
193 existing law of this state.

194           **SECTION 17.** Section 57-1-18, Mississippi Code of 1972, is  
195 amended as follows:

196           57-1-18. (1) For the purposes of this section, the  
197 following terms shall have the meanings ascribed in this section  
198 unless the context clearly indicates otherwise:

199           (a) "Limited population county" means a county in the  
200 State of Mississippi with a population of thirty thousand (30,000)  
201 or less according to the most recent federal decennial census at  
202 the time the county submits its application to the MDA under this  
203 section.

204           (b) "MDA" means the Mississippi Development Authority.

205           (c) "Project" means highways, streets and other  
206 roadways, bridges, sidewalks, utilities, airfields, airports,  
207 acquisition of equipment, acquisition of real property,  
208 development of real property, improvements to real property, and  
209 any other project approved by the MDA.

210           (d) "Small municipality" means a municipality in the  
211 State of Mississippi with a population of ten thousand (10,000) or  
212 less according to the most recent federal decennial census at the  
213 time the municipality submits its application to the MDA under  
214 this section.

215           (2) (a) There is hereby created in the State Treasury a  
216 special fund to be designated as the "Small Municipalities and  
217 Limited Population Counties Fund," which shall consist of funds  
218 appropriated or otherwise made available by the Legislature in any  
219 manner and funds from any other source designated for deposit into  
220 such fund. Unexpended amounts remaining in the fund at the end of  
221 a fiscal year shall not lapse into the State General Fund, and any  
222 investment earnings or interest earned on amounts in the fund  
223 shall be deposited to the credit of the fund. Monies in the fund  
224 shall be used to make grants to small municipalities and limited  
225 population counties or natural gas districts created by law and

226 contained therein to assist in completing projects under this  
227 section.

228           (b) Monies in the fund which are derived from proceeds  
229 of bonds issued under Sections 1 through 16 of Chapter 538, Laws  
230 of 2002, Sections 1 through 16 of Chapter 508, Laws of 2003, \* \* \*  
231 Sections 55 through 70 of Chapter 1, Laws of 2004 Third  
232 Extraordinary Session or Sections 1 through 16 of House Bill No.  
233 1509, 2006 Regular Session, may be used to reimburse reasonable  
234 actual and necessary costs incurred by the MDA in providing  
235 assistance related to a project for which funding is provided  
236 under this section from the use of proceeds of such bonds. An  
237 accounting of actual costs incurred for which reimbursement is  
238 sought shall be maintained for each project by the MDA.  
239 Reimbursement of reasonable actual and necessary costs for a  
240 project shall not exceed three percent (3%) of the proceeds of  
241 bonds issued for such project. Monies authorized for a particular  
242 project may not be used to reimburse administrative costs for  
243 unrelated projects. Reimbursements under this subsection shall  
244 satisfy any applicable federal tax law requirements.

245           (3) The MDA shall establish a grant program to make grants  
246 to small municipalities and limited population counties from the  
247 Small Municipalities and Limited Population Counties Fund. Grants  
248 made under this section to a small municipality or a limited  
249 population county shall not exceed Two Hundred Fifty Thousand  
250 Dollars (\$250,000.00) during any grant period established by the  
251 MDA. A small municipality or limited population county may apply  
252 to the MDA for a grant under this section in the manner provided  
253 for in this section.

254           (4) A small municipality or limited population county  
255 desiring assistance under this section must submit an application  
256 to the MDA. The application must include a description of the  
257 project for which assistance is requested, the cost of the project



258 for which assistance is requested, the amount of assistance  
259 requested and any other information required by the MDA.

260 (5) The MDA shall have all powers necessary to implement and  
261 administer the program established under this section, and the  
262 department shall promulgate rules and regulations, in accordance  
263 with the Mississippi Administrative Procedures Law, necessary for  
264 the implementation of this section.

265 (6) The MDA shall file an annual report with the Governor,  
266 Secretary of the Senate and the Clerk of the House of  
267 Representatives not later than December 1 of each year, describing  
268 all assistance provided under this section.

269 **SECTION 18.** This act shall take effect and be in force from  
270 and after its passage.