

By: Senator(s) Chaney, Albritton, Hewes,
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To: Education; Finance

SENATE BILL NO. 2701

1 AN ACT TO AMEND SECTIONS 37-57-108 AND 27-39-333, MISSISSIPPI
2 CODE OF 1972, TO AUTHORIZE SCHOOL DISTRICTS AFFECTED BY THE
3 HURRICANE KATRINA DISASTER TO BORROW FUNDS AND ISSUE PROMISSORY
4 NOTES TO THE FEDERAL GOVERNMENT UNDER THE COMMUNITY DISASTER LOAN
5 PROGRAM; AND FOR RELATED PURPOSES.

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

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

9 **[From and after October 24, 2005, through June 30, 2007, this**
10 **act shall read as follows:]**

11 37-57-108. (1) In the event that the amount of revenue
12 collected or estimated to be collected from local sources, on
13 behalf of a school district during a fiscal year, is less than the
14 amount provided for in the duly adopted budget of said school
15 district for the fiscal year, then the school district may issue
16 promissory notes in an amount and in the manner set forth in
17 Section 27-39-333, not to exceed the estimated shortfall of
18 revenue from local sources, but in no event to exceed twenty-five
19 percent (25%) of its budget anticipated to be funded from the
20 sources of the shortfall for the fiscal year. A school district
21 issuing notes under the provisions of this section shall not be
22 required to publish notice of its intention to do so or to secure
23 the consent of the qualified electors or the tax levying authority
24 of such school district.

25 (2) If the amount of revenue collected or estimated to be
26 collected from local sources, on behalf of a school district
27 during a fiscal year, is less than the amount provided for in the
28 duly adopted budget of the school district for the fiscal year as

29 a result of Hurricane Katrina, then the school district may issue
30 promissory notes in an amount and in the manner set forth in
31 Section 27-39-333, not to exceed the estimated shortfall of
32 revenue from local sources, but in no event to exceed fifty
33 percent (50%) of its budget anticipated to be funded from the
34 sources of the shortfall for the fiscal year. Any school district
35 issuing promissory notes under this subsection may do so only if
36 such school district receives prior approval by the State
37 Superintendent of Education that the school district received
38 damage from Hurricane Katrina. In order for a school district to
39 issue notes under the provisions of this section, the
40 superintendent of the local school district must recommend such
41 action to the school board and the board must duly adopt and enter
42 upon its official minutes a resolution setting forth specific
43 findings as to how the district meets the requirements of this
44 section.

45 (a) Revenues collected from local sources on behalf of
46 a school district for any fiscal year shall be deemed to include
47 any funds received or anticipated to be received by the school
48 district from the United States federal government or any agency
49 thereof for the purpose of replacing the loss of operating funds
50 that otherwise would have been derived from local sources for that
51 fiscal year.

52 (b) Any school district may borrow funds from the
53 United States federal government or any agency thereof to
54 compensate for the loss of revenue collected or estimated to be
55 collected on behalf of the school district from local sources
56 during a fiscal year as a result of Hurricane Katrina may issue
57 its promissory note to the United States federal government or any
58 agency thereof, and may comply with and issue the regulations of
59 the United States federal government or agency thereof regarding
60 such promissory note. Provided, however, that this section does
61 not authorize any school district to levy taxes or to pledge

62 collateral for the security of such promissory note not otherwise
63 allowed by law. The State of Mississippi may sign any promissory
64 note as an equal co-obligor on any such note, and in the event the
65 State of Mississippi signs such promissory note as a co-obligor,
66 the full faith and credit of the State of Mississippi shall be
67 pledged for the payment of such promissory note.

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

70 37-57-108. In the event that the amount of revenue collected
71 or estimated to be collected from local sources, on behalf of a
72 school district during a fiscal year, is less than the amount
73 provided for in the duly adopted budget of said school district
74 for the fiscal year, then the school district may issue promissory
75 notes in an amount and in the manner set forth in Section
76 27-39-333, not to exceed the estimated shortfall of revenue from
77 local sources, but in no event to exceed twenty-five percent (25%)
78 of its budget anticipated to be funded from the sources of the
79 shortfall for the fiscal year. A school district issuing notes
80 under the provisions of this section shall not be required to
81 publish notice of its intention to do so or to secure the consent
82 of the qualified electors or the tax levying authority of such
83 school district.

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

86 **[From and after October 24, 2005, through June 30, 2007, this**
87 **act shall read as follows:]**

88 27-39-333. (1) For purposes of this section, the following
89 terms shall have the meanings ascribed herein:

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

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

95 (2) Any political subdivision which, during a fiscal year,
96 estimates that the amount of the ad valorem taxes or other
97 anticipated revenue from local sources to be collected therein is
98 less than the amount estimated at the time of formulation of its
99 budget for the fiscal year due to circumstances which were
100 unanticipated at the time of formulation of the budget and which
101 will prevent the political subdivision from meeting its financial
102 obligations may, with the approval of the levying authority for
103 such political subdivision, issue promissory notes in an amount
104 equal to the estimated shortfall of ad valorem taxes and/or
105 revenue from local sources but in no event to exceed twenty-five
106 percent (25%) of its budget anticipated to be funded from the
107 sources of the shortfall for the fiscal year. However, if a
108 school district which, during a fiscal year, estimates that the
109 amount of the ad valorem taxes or other anticipated revenue from
110 local sources to be collected therein is less than the amount
111 provided for in the duly adopted budget of the school district for
112 the fiscal year as a result of Hurricane Katrina, then the school
113 district may issue promissory notes in an amount equal to the
114 estimated shortfall of ad valorem taxes and/or revenue from local
115 sources but in no event to exceed fifty percent (50%) of its
116 budget anticipated to be funded from the sources of the shortfall
117 for the fiscal year. Any school district issuing promissory notes
118 under this subsection may do so only if such school district
119 receives prior approval by the State Superintendent of Education
120 that the school district received damage from Hurricane Katrina.
121 In order for a school district to issue notes under the provisions
122 of this section, the superintendent of the local school district
123 must recommend such action to the school board and the board must
124 duly adopt and enter upon its official minutes a resolution
125 setting forth specific findings as to how the district meets the
126 requirements of this section.

127 (3) The proceeds of such notes shall be used in the budget
128 or budgets in which the shortfall occurred and shall be used
129 solely to offset the shortfall in such budgets for the fiscal
130 year. The rate of interest paid thereon shall not exceed that
131 amount set forth in Section 75-17-105, Mississippi Code of 1972.
132 The indebtedness shall be repaid in full, including interest
133 thereon, in equal installments, during the three (3) fiscal years
134 next succeeding the fiscal year in which the notes were issued.
135 However, the indebtedness of a school district issuing notes as a
136 result of a shortfall in revenues collected from local sources on
137 behalf of the school district for any fiscal year as a result of
138 Hurricane Katrina shall be repaid in full, including interest
139 thereon in the manner authorized by the school board, during the
140 ten (10) fiscal years next succeeding the fiscal year in which the
141 promissory note or notes were issued. For the payment of such
142 indebtedness, the levying authority for the political subdivision
143 shall, at its next regular meeting at which ad valorem taxes are
144 lawfully levied, levy an ad valorem tax sufficient to repay the
145 indebtedness in full, including interest. The proceeds of the
146 notes shall be included as proceeds of ad valorem taxes for the
147 purposes of the limitation on increases in revenue for the next
148 succeeding fiscal year under Section 27-39-305, 27-39-320,
149 27-39-321 or 37-57-107, Mississippi Code of 1972, whichever is
150 applicable depending upon the purpose for which such proceeds are
151 used.

152 (4) Any notes issued under this section prior to April 20,
153 1987, shall be repaid as provided in this section.

154 (5) For the purposes of Sections 27-39-305, 27-39-320,
155 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when
156 used in connection with the amount of funds generated in a
157 preceding fiscal year shall include excess receipts collected in
158 the next preceding fiscal year and deposited into a special
159 account under Section 27-39-323.

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

162 27-39-333. (1) For purposes of this section, the following
163 terms shall have the meanings ascribed herein:

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

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

169 (2) Any political subdivision which, during a fiscal year,
170 estimates that the amount of the ad valorem taxes or other
171 anticipated revenue from local sources to be collected therein is
172 less than the amount estimated at the time of formulation of its
173 budget for the fiscal year due to circumstances which were
174 unanticipated at the time of formulation of the budget and which
175 will prevent the political subdivision from meeting its financial
176 obligations may, with the approval of the levying authority for
177 such political subdivision, issue promissory notes in an amount
178 equal to the estimated shortfall of ad valorem taxes and/or
179 revenue from local sources but in no event to exceed twenty-five
180 percent (25%) of its budget anticipated to be funded from the
181 sources of the shortfall for the fiscal year.

182 (3) The proceeds of such notes shall be used in the budget
183 or budgets in which the shortfall occurred and shall be used
184 solely to offset the shortfall in such budgets for the fiscal
185 year. The rate of interest paid thereon shall not exceed that
186 amount set forth in Section 75-17-105, Mississippi Code of 1972.
187 The indebtedness shall be repaid in full, including interest
188 thereon, in equal installments, during the three (3) fiscal years
189 next succeeding the fiscal year in which the notes were issued.
190 For the payment of such indebtedness, the levying authority for
191 the political subdivision shall, at its next regular meeting at
192 which ad valorem taxes are lawfully levied, levy an ad valorem tax

193 sufficient to repay the indebtedness in full, including interest.
194 The proceeds of the notes shall be included as proceeds of ad
195 valorem taxes for the purposes of the limitation on increases in
196 revenue for the next succeeding fiscal year under Section
197 27-39-305, 27-39-320, 27-39-321 or 37-57-107, Mississippi Code of
198 1972, whichever is applicable depending upon the purpose for which
199 such proceeds are used.

200 (4) Any notes issued under this section prior to April 20,
201 1987, shall be repaid as provided in this section.

202 (5) For the purposes of Sections 27-39-305, 27-39-320,
203 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when
204 used in connection with the amount of funds generated in a
205 preceding fiscal year shall include excess receipts collected in
206 the next preceding fiscal year and deposited into a special
207 account under Section 27-39-323.

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