

By: Senator(s) Chaney, Albritton, Hewes,
Gollott, Moffatt

To: Education; Finance

SENATE BILL NO. 2701
(As Passed the Senate)

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; TO AMEND SECTION 37-29-101, MISSISSIPPI CODE OF 1972, TO
6 AUTHORIZE THE BOARD OF TRUSTEES OF COMMUNITY OR JUNIOR COLLEGE
7 DISTRICTS TO BORROW FUNDS FROM THE UNITED STATES GOVERNMENT TO
8 COMPENSATE FOR THE LOSS OF REVENUE COLLECTED OR ESTIMATED TO BE
9 COLLECTED ON BEHALF OF THE JUNIOR COLLEGE DISTRICT DURING A FISCAL
10 YEAR AS A RESULT OF HURRICANE KATRINA; TO AUTHORIZE THE UNIVERSITY
11 OF SOUTHERN MISSISSIPPI, WITH THE APPROVAL OF THE BOARD OF
12 TRUSTEES OF STATE INSTITUTIONS OF HIGHER LEARNING, TO BORROW FUNDS
13 FOR THE LIMITED PURPOSE OF REPAIRING DAMAGE RELATED TO HURRICANE
14 KATRINA; AND FOR RELATED PURPOSES.

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

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

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

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

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

54 (a) Revenues collected from local sources on behalf of
55 a school district for any fiscal year shall be deemed to include
56 any funds received or anticipated to be received by the school
57 district from the United States federal government or any agency
58 thereof for the purpose of replacing the loss of operating funds
59 that otherwise would have been derived from local sources for that
60 fiscal year.

61 (b) Any school district may borrow funds from the
62 United States federal government or any agency thereof to
63 compensate for the loss of revenue collected or estimated to be
64 collected on behalf of the school district from local sources
65 during a fiscal year as a result of Hurricane Katrina may issue
66 its promissory note to the United States federal government or any

67 agency thereof, and may comply with and issue the regulations of
68 the United States federal government or agency thereof regarding
69 such promissory note. Provided, however, that this section does
70 not authorize any school district to levy taxes or to pledge
71 collateral for the security of such promissory note not otherwise
72 allowed by law. The State of Mississippi may sign any promissory
73 note as an equal co-obligor on any such note, and in the event the
74 State of Mississippi signs such promissory note as a co-obligor,
75 the full faith and credit of the State of Mississippi shall be
76 pledged for the payment of such promissory note.

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

79 37-57-108. In the event that the amount of revenue collected
80 or estimated to be collected from local sources, on behalf of a
81 school district during a fiscal year, is less than the amount
82 provided for in the duly adopted budget of said school district
83 for the fiscal year, then the school district may issue promissory
84 notes in an amount and in the manner set forth in Section
85 27-39-333, not to exceed the estimated shortfall of revenue from
86 local sources, but in no event to exceed twenty-five percent (25%)
87 of its budget anticipated to be funded from the sources of the
88 shortfall for the fiscal year. A school district issuing notes
89 under the provisions of this section shall not be required to
90 publish notice of its intention to do so or to secure the consent
91 of the qualified electors or the tax levying authority of such
92 school district.

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

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

97 27-39-333. (1) For purposes of this section, the following
98 terms shall have the meanings ascribed herein:

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

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

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

132 must recommend such action to the school board and the board must
133 duly adopt and enter upon its official minutes a resolution
134 setting forth specific findings as to how the district meets the
135 requirements of this section.

136 (3) The proceeds of such notes shall be used in the budget
137 or budgets in which the shortfall occurred and shall be used
138 solely to offset the shortfall in such budgets for the fiscal
139 year. The rate of interest paid thereon shall not exceed that
140 amount set forth in Section 75-17-105, Mississippi Code of 1972.
141 The indebtedness shall be repaid in full, including interest
142 thereon, in equal installments, during the three (3) fiscal years
143 next succeeding the fiscal year in which the notes were issued.
144 However, the indebtedness of a school district issuing notes as a
145 result of a shortfall in revenues collected from local sources on
146 behalf of the school district for any fiscal year as a result of
147 Hurricane Katrina shall be repaid in full, including interest
148 thereon in the manner authorized by the school board, during the
149 ten (10) fiscal years next succeeding the fiscal year in which the
150 promissory note or notes were issued. For the payment of such
151 indebtedness, the levying authority for the political subdivision
152 shall, at its next regular meeting at which ad valorem taxes are
153 lawfully levied, levy an ad valorem tax sufficient to repay the
154 indebtedness in full, including interest. The proceeds of the
155 notes shall be included as proceeds of ad valorem taxes for the
156 purposes of the limitation on increases in revenue for the next
157 succeeding fiscal year under Section 27-39-305, 27-39-320,
158 27-39-321 or 37-57-107, Mississippi Code of 1972, whichever is
159 applicable depending upon the purpose for which such proceeds are
160 used.

161 (4) Any notes issued under this section prior to April 20,
162 1987, shall be repaid as provided in this section.

163 (5) For the purposes of Sections 27-39-305, 27-39-320,
164 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when

165 used in connection with the amount of funds generated in a
166 preceding fiscal year shall include excess receipts collected in
167 the next preceding fiscal year and deposited into a special
168 account under Section 27-39-323.

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

171 27-39-333. (1) For purposes of this section, the following
172 terms shall have the meanings ascribed herein:

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

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

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

191 (3) The proceeds of such notes shall be used in the budget
192 or budgets in which the shortfall occurred and shall be used
193 solely to offset the shortfall in such budgets for the fiscal
194 year. The rate of interest paid thereon shall not exceed that
195 amount set forth in Section 75-17-105, Mississippi Code of 1972.
196 The indebtedness shall be repaid in full, including interest
197 thereon, in equal installments, during the three (3) fiscal years

198 next succeeding the fiscal year in which the notes were issued.
199 For the payment of such indebtedness, the levying authority for
200 the political subdivision shall, at its next regular meeting at
201 which ad valorem taxes are lawfully levied, levy an ad valorem tax
202 sufficient to repay the indebtedness in full, including interest.
203 The proceeds of the notes shall be included as proceeds of ad
204 valorem taxes for the purposes of the limitation on increases in
205 revenue for the next succeeding fiscal year under Section
206 27-39-305, 27-39-320, 27-39-321 or 37-57-107, Mississippi Code of
207 1972, whichever is applicable depending upon the purpose for which
208 such proceeds are used.

209 (4) Any notes issued under this section prior to April 20,
210 1987, shall be repaid as provided in this section.

211 (5) For the purposes of Sections 27-39-305, 27-39-320,
212 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when
213 used in connection with the amount of funds generated in a
214 preceding fiscal year shall include excess receipts collected in
215 the next preceding fiscal year and deposited into a special
216 account under Section 27-39-323.

217 **SECTION 3.** Section 37-29-101, Mississippi Code of 1972, is
218 amended as follows:

219 37-29-101. In addition to other authority granted by
220 Sections 37-29-1 through 37-29-273 or existing laws, the board of
221 trustees may borrow money in anticipation of taxes, not to exceed
222 fifty percent (50%) of the previous year's ad valorem tax
223 receipts, for the purpose of paying any expenses authorized by law
224 for the operation, maintenance and support of the college. The
225 loan shall be evidenced by note or notes bearing the signatures of
226 the chairman of the board and of the secretary of the board of
227 trustees, and the seal of the college shall be thereon impressed.
228 The notes shall mature not later than the thirtieth day of June
229 next thereafter, and the notes shall not bear interest in excess
230 of that allowed in Section 75-17-105, Mississippi Code of 1972.

231 (2) The board of trustees may borrow funds from the United
232 States federal government or any agency thereof to compensate for
233 the loss of revenue collected or estimated to be collected on
234 behalf of the community or junior college district from local
235 sources during a fiscal year as a result of Hurricane Katrina, may
236 issue its promissory note to the United States federal government
237 or any agency thereof, and may comply with and issue the
238 regulations of the United States federal government or agency
239 thereof regarding the promissory note. However, this section does
240 not authorize any levy of taxes or pledge of collateral for the
241 security of a promissory note not otherwise allowed by law. The
242 State of Mississippi may sign any promissory note as an equal
243 co-obligor on any such note, and in the event the State of
244 Mississippi signs the promissory note as a co-obligor, the full
245 faith and credit of the State of Mississippi shall be pledged for
246 the payment of the promissory note.

247 **SECTION 4.** The University of Southern Mississippi, with the
248 approval of the Board of Trustees of State Institutions of Higher
249 Learning, is hereby granted the legal authority to borrow funds
250 for the limited purpose of repairing damage related to Hurricane
251 Katrina. The funds may be used for design fees, construction
252 costs, furniture and equipment replacement and all other expenses
253 related to repairs or replacement of facilities necessitated by
254 Hurricane Katrina.

255 **SECTION 5.** This act shall take effect and be in force from
256 and after its passage.