

By: Senator(s) Cuevas

To: Finance

COMMITTEE SUBSTITUTE  
FOR  
SENATE BILL NO. 2947

1 AN ACT TO AMEND SECTIONS 41-3-16, 49-17-85, 49-17-86,  
2 57-1-303, 57-44-7 AND 57-61-41, MISSISSIPPI CODE OF 1972, TO  
3 AUTHORIZE THE RENEGOTIATION OF LOANS MADE UNDER THE LOCAL  
4 GOVERNMENTS AND RURAL WATER SYSTEMS IMPROVEMENTS REVOLVING LOAN  
5 AND GRANT PROGRAM, THE WATER POLLUTION CONTROL REVOLVING FUND, THE  
6 WATER POLLUTION CONTROL EMERGENCY LOAN FUND, THE LOCAL GOVERNMENTS  
7 CAPITAL IMPROVEMENTS REVOLVING LOAN FUND, THE LOCAL GOVERNMENTS  
8 FREIGHT RAIL SERVICE PROJECT REVOLVING LOAN FUND AND THE PORT  
9 REVITALIZATION REVOLVING LOAN FUND, TO THE SIX MOST SOUTHERN  
10 COUNTIES OF THE STATE COVERED BY THE PRESIDENTIAL DECLARATION OF  
11 MAJOR DISASTER FOR THE STATE OF MISSISSIPPI (FEMA-1604-DR) DATED  
12 AUGUST 29, 2005, AND TO POLITICAL SUBDIVISIONS AND CERTAIN OTHER  
13 ENTITIES LOCATED IN SUCH COUNTIES; TO PROVIDE THAT THE INTEREST ON  
14 THE LOANS SHALL NOT BE FORGIVEN FOR A PERIOD OF MORE THAN 24  
15 MONTHS AND THE MATURITY OF THE LOANS SHALL NOT BE EXTENDED FOR A  
16 PERIOD OF MORE THAN 48 MONTHS; AND FOR RELATED PURPOSES.

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

18 **SECTION 1.** Section 41-3-16, Mississippi Code of 1972, is  
19 amended as follows:

20 41-3-16. (1) (a) There is established a local governments  
21 and rural water systems improvements revolving loan and grant  
22 program to be administered by the State Department of Health,  
23 referred to in this section as "department," for the purpose of  
24 assisting counties, incorporated municipalities, districts or  
25 other water organizations that have been granted tax exempt status  
26 under either federal or state law, in making improvements to their  
27 water systems, including construction of new water systems or  
28 expansion or repair of existing water systems. Loan and grant  
29 proceeds may be used by the recipient for planning, professional  
30 services, acquisition of interests in land, acquisition of  
31 personal property, construction, construction-related services,  
32 maintenance, and any other reasonable use which the board, in its  
33 discretion, may allow. For purposes of this section, "water

34 systems" has the same meaning as the term "public water system"  
35 under Section 41-26-3.

36 (b) (i) There is created a board to be known as the  
37 "Local Governments and Rural Water Systems Improvements Board,"  
38 referred to in this section as "board," to be composed of the  
39 following nine (9) members: the State Health Officer, or his  
40 designee, who shall serve as chairman of the board; the Executive  
41 Director of the Mississippi Development Authority, or his  
42 designee; the Executive Director of the Department of  
43 Environmental Quality, or his designee; the Executive Director of  
44 the Department of Finance and Administration, or his designee; the  
45 Executive Director of the Mississippi Association of Supervisors,  
46 or his designee; the Executive Director of the Mississippi  
47 Municipal League, or his designee; the Executive Director of the  
48 Consulting Engineers Council, or his designee; the State Director  
49 of the United States Department of Agriculture, Rural Development,  
50 or his designee; and a manager of a rural water system.

51 The Governor shall appoint a manager of a rural water system  
52 from a list of candidates provided by the Executive Director of  
53 the Mississippi Rural Water Association. The Executive Director  
54 of the Mississippi Rural Water Association shall provide the  
55 Governor a list of candidates which shall contain a minimum of  
56 three (3) candidates for each appointment.

57 (ii) Nonappointed members of the board may  
58 designate another representative of their agency or association to  
59 serve as an alternate.

60 (iii) The gubernatorial appointee shall serve a  
61 term concurrent with the term of the Governor and until a  
62 successor is appointed and qualified. No member, officer or  
63 employee of the Board of Directors of the Mississippi Rural Water  
64 Association shall be eligible for appointment.

65 (c) The department, if requested by the board, shall  
66 furnish the board with facilities and staff as needed to

67 administer this section. The department may contract, upon  
68 approval by the board, for those facilities and staff needed to  
69 administer this section, including routine management, as it deems  
70 necessary. The board may advertise for or solicit proposals from  
71 public or private sources, or both, for administration of this  
72 section or any services required for administration of this  
73 section or any portion thereof. It is the intent of the  
74 Legislature that the board endeavor to ensure that the costs of  
75 administration of this section are as low as possible in order to  
76 provide the water consumers of Mississippi safe drinking water at  
77 affordable prices.

78 (d) Members of the board may not receive any salary,  
79 compensation or per diem for the performance of their duties under  
80 this section.

81 (2) (a) There is created a special fund in the State  
82 Treasury to be designated as the "Local Governments and Rural  
83 Water Systems Improvements Revolving Loan Fund," referred to in  
84 this section as "revolving fund," which fund shall consist of  
85 those monies as provided in Sections 6 and 13 of Chapter 521, Laws  
86 of 1995. The revolving fund may receive appropriations, bond  
87 proceeds, grants, gifts, donations or funds from any source,  
88 public or private. The revolving fund shall be credited with all  
89 repayments of principal and interest derived from loans made from  
90 the revolving fund. The monies in the revolving fund may be  
91 expended only in amounts appropriated by the Legislature, and the  
92 different amounts specifically provided for the loan program and  
93 the grant program shall be so designated. Monies in the fund may  
94 only be expended for the grant program from the amount designated  
95 for such program. The revolving fund shall be maintained in  
96 perpetuity for the purposes established in this section and  
97 Sections 6 through 20 of Chapter 521, Laws of 1995. Unexpended  
98 amounts remaining in the revolving fund at the end of a fiscal  
99 year shall not lapse into the State General Fund, and any interest

100 earned on amounts in the revolving fund shall be deposited to the  
101 credit of the fund. Monies in the revolving fund may not be used  
102 or expended for any purpose except as authorized under this  
103 section and Sections 6 through 20 of Chapter 521, Laws of 1995.  
104 Any monies in the fund may be used to match any federal funds that  
105 are available for the same or related purposes for which funds are  
106 used and expended under this section and Sections 6 through 20 of  
107 Chapter 521, Laws of 1995. Any federal funds shall be used and  
108 expended only in accordance with federal laws, rules and  
109 regulations governing the expenditure of those funds. No person  
110 shall use any monies from the revolving fund for the acquisition  
111 of real property or any interest in real property unless that  
112 property is integral to the project funded under this section and  
113 the purchase is made from a willing seller. No county,  
114 incorporated municipality or district shall acquire any real  
115 property or any interest in any real property for a project funded  
116 through the revolving fund by condemnation. The board's  
117 application of Sections 43-37-1 through 43-37-13 shall be no more  
118 stringent or extensive in scope, coverage and effect than federal  
119 property acquisition laws and regulations.

120           (b) There is created a special fund in the State  
121 Treasury to be designated as the "Local Governments and Rural  
122 Water Systems Emergency Loan Fund," hereinafter referred to as  
123 "emergency fund," which fund shall consist of those monies as  
124 provided in Sections 6 and 13 of Chapter 521, Laws of 1995. The  
125 emergency fund may receive appropriations, bond proceeds, grants,  
126 gifts, donations or funds from any source, public or private. The  
127 emergency fund shall be credited with all repayments of principal  
128 and interest derived from loans made from the emergency fund. The  
129 monies in the emergency fund may be expended only in amounts  
130 appropriated by the Legislature. The emergency fund shall be  
131 maintained in perpetuity for the purposes established in this  
132 section and Section 6 of Chapter 521, Laws of 1995. Unexpended

133 amounts remaining in the emergency fund at the end of a fiscal  
134 year shall not lapse into the State General Fund. Any interest  
135 earned on amounts in the emergency fund shall be deposited to the  
136 credit of the fund. Monies in the emergency fund may not be used  
137 or expended for any purpose except as authorized under this  
138 section and Section 6 of Chapter 521, Laws of 1995.

139 (c) The board created in subsection (1) shall establish  
140 loan and grant programs by which loans and grants may be made  
141 available to counties, incorporated municipalities, districts or  
142 other water organizations that have been granted tax exempt status  
143 under either federal or state law, to assist those counties,  
144 incorporated municipalities, districts or water organizations in  
145 making water systems improvements, including the construction of  
146 new water systems or expansion or repair of existing water  
147 systems. Any entity eligible under this section may receive  
148 either a loan or a grant, or both. No grant awarded under the  
149 program established in this section may be made using funds from  
150 the loan program. Grants may be awarded only when the Legislature  
151 specifically appropriates funds for that particular purpose. The  
152 interest rate on those loans may vary from time to time and from  
153 loan to loan, and will be at or below market interest rates as  
154 determined by the board. The board shall act as quickly as is  
155 practicable and prudent in deciding on any loan request that it  
156 receives. Loans from the revolving fund or emergency fund may be  
157 made to counties, incorporated municipalities, districts or other  
158 water organizations that have been granted tax exempt status under  
159 either federal or state law, as set forth in a loan agreement in  
160 amounts not to exceed one hundred percent (100%) of eligible  
161 project costs as established by the board. The board may require  
162 county, municipal, district or other water organization  
163 participation or funding from other sources, or otherwise limit  
164 the percentage of costs covered by loans from the revolving fund  
165 or the emergency fund. The maximum amount for any loan from the

166 emergency fund shall be Five Hundred Thousand Dollars  
167 (\$500,000.00), and the maximum amount for any loan from the  
168 revolving fund shall be One Million Five Hundred Thousand Dollars  
169 (\$1,500,000.00).

170 (d) A county that receives a loan from the revolving  
171 fund or the emergency fund shall pledge for repayment of the loan  
172 any part of the homestead exemption annual tax loss reimbursement  
173 to which it may be entitled under Section 27-33-77, as may be  
174 required to meet the repayment schedule contained in the loan  
175 agreement. An incorporated municipality that receives a loan from  
176 the revolving fund or the emergency fund shall pledge for  
177 repayment of the loan any part of the sales tax revenue  
178 distribution to which it may be entitled under Section 27-65-75,  
179 as may be required to meet the repayment schedule contained in the  
180 loan agreement. All recipients of such loans shall establish a  
181 dedicated source of revenue for repayment of the loan. Before any  
182 county or incorporated municipality shall receive any loan, it  
183 shall have executed with the State Tax Commission and the board a  
184 loan agreement evidencing that loan. The loan agreement shall not  
185 be construed to prohibit any recipient from prepaying any part or  
186 all of the funds received. The repayment schedule in each loan  
187 agreement shall provide for (i) monthly payments, (ii) semiannual  
188 payments or (iii) other periodic payments, the annual total of  
189 which shall not exceed the annual total for any other year of the  
190 loan by more than fifteen percent (15%). The loan agreement shall  
191 provide for the repayment of all funds received from the revolving  
192 fund within not more than fifteen (15) years or a term as  
193 otherwise allowed by the federal Safe Drinking Water Act, and all  
194 funds received from the emergency fund within not more than five  
195 (5) years from the date of project completion, and any repayment  
196 shall commence not later than one (1) year after project  
197 completion. The State Tax Commission shall withhold semiannually  
198 from counties and monthly from incorporated municipalities from

199 the amount to be remitted to the county or municipality, a sum  
200 equal to the next repayment as provided in the loan agreement.

201 (e) Any county, incorporated municipality, district or  
202 other water organization desiring to construct a project approved  
203 by the board which receives a loan from the state for that purpose  
204 but which is not eligible to pledge for repayment under the  
205 provisions of paragraph (d) of this subsection, shall repay that  
206 loan by making payments each month to the State Treasurer through  
207 the Department of Finance and Administration for and on behalf of  
208 the board according to Section 7-7-15, to be credited to either  
209 the revolving fund or the emergency fund, whichever is  
210 appropriate, in lieu of pledging homestead exemption annual tax  
211 loss reimbursement or sales tax revenue distribution.

212 Loan repayments shall be according to a repayment schedule  
213 contained in each loan agreement as provided in paragraph (d) of  
214 this subsection.

215 (f) Any district created pursuant to Sections 19-5-151  
216 through 19-5-207 that receives a loan from the revolving fund or  
217 the emergency fund shall pledge for repayment of the loan any part  
218 of the revenues received by that district pursuant to Sections  
219 19-5-151 through 19-5-207, as may be required to meet the  
220 repayment schedule contained in the loan agreement.

221 (g) The State Auditor, upon request of the board, shall  
222 audit the receipts and expenditures of a county, an incorporated  
223 municipality, district or other water organization whose loan  
224 repayments appear to be in arrears, and if the Auditor finds that  
225 the county, incorporated municipality, district or other water  
226 organization is in arrears in those repayments, the Auditor shall  
227 immediately notify the chairman of the board who may take any  
228 action as may be necessary to enforce the terms of the loan  
229 agreement, including liquidation and enforcement of the security  
230 given for repayment of the loan, and the Executive Director of the  
231 Department of Finance and Administration who shall withhold all

232 future payments to the county of homestead exemption annual tax  
233 loss reimbursements under Section 27-33-77 and all sums allocated  
234 to the county or the incorporated municipality under Section  
235 27-65-75 until such time as the county or the incorporated  
236 municipality is again current in its loan repayments as certified  
237 by the board.

238           (h) All monies deposited in the revolving fund or the  
239 emergency fund, including loan repayments and interest earned on  
240 those repayments, shall be used only for providing loans or other  
241 financial assistance to water systems as the board deems  
242 appropriate. In addition, any amounts in the revolving fund or  
243 the emergency fund may be used to defray the reasonable costs of  
244 administering the revolving fund or the emergency fund and  
245 conducting activities under this section and Sections 6 through 20  
246 of Chapter 521, Laws of 1995, subject to any limitations  
247 established in the federal Safe Drinking Water Act, as amended and  
248 subject to annual appropriation by the Legislature. The  
249 department is authorized, upon approval by the board, to use  
250 amounts available to it from the revolving fund or the emergency  
251 fund to contract for those facilities and staff needed to  
252 administer and provide routine management for the funds and loan  
253 program.

254           (3) In administering this section and Sections 6 through 20  
255 of Chapter 521, Laws of 1995, the board created in subsection (1)  
256 of this section shall have the following powers and duties:

257           (a) To supervise the use of all funds made available  
258 under this section and Sections 6 through 20 of Chapter 521, Laws  
259 of 1995, for local governments and rural water systems  
260 improvements;

261           (b) To promulgate rules and regulations, to make  
262 variances and exceptions thereto, and to establish procedures in  
263 accordance with this section and Sections 6 through 20 of Chapter



264 521, Laws of 1995, for the implementation of the local governments  
265 and rural water systems improvements revolving loan program;

266 (c) To require, at the board's discretion, any loan or  
267 grant recipient to impose a per connection fee or surcharge or  
268 amended water rate schedule or tariff on each customer or any  
269 class of customers, benefiting from an improvement financed by a  
270 loan or grant made under this section, for repayment of any loan  
271 funds provided under this section and Sections 6 through 20 of  
272 Chapter 521, Laws of 1995. The board may require any loan or  
273 grant recipient to undergo a water system viability analysis and  
274 may require a loan or grant recipient to implement any result of  
275 the viability analysis. If the loan recipient fails to implement  
276 any result of a viability analysis as required by the board, the  
277 board may impose a monetary penalty or increase the interest rate  
278 on the loan, or both. If the grant recipient fails to implement  
279 any result of a viability analysis as required by the board, the  
280 board may impose a monetary penalty on the grant;

281 (d) To review and certify all projects for which funds  
282 are authorized to be made available under this section and  
283 Sections 6 through 20 of Chapter 521, Laws of 1995, for local  
284 governments and rural water systems improvements;

285 (e) To requisition monies in the Local Governments and  
286 Rural Water Systems Improvements Revolving Loan Fund and the Local  
287 Governments and Rural Water Systems Emergency Loan Fund and  
288 distribute those monies on a project-by-project basis in  
289 accordance with this section;

290 (f) To ensure that the funds made available under this  
291 section and Sections 6 through 20 of Chapter 521, Laws of 1995, to  
292 a county, an incorporated municipality, a district or a water  
293 organization that has been granted tax exempt status under either  
294 federal or state law provide for a distribution of projects and  
295 funds among the entities under a priority system established by  
296 the board;

297 (g) To maintain in accordance with generally accepted  
298 government accounting standards an accurate record of all monies  
299 in the revolving fund and the emergency fund made available to  
300 counties, incorporated municipalities, districts or other water  
301 organizations under this section and Sections 6 through 20 of  
302 Chapter 521, Laws of 1995, and the costs for each project;

303 (h) To establish policies, procedures and requirements  
304 concerning viability and financial capability to repay loans that  
305 may be used in approving loans available under this section,  
306 including a requirement that all loan recipients have a rate  
307 structure which will be sufficient to cover the costs of  
308 operation, maintenance, major equipment replacement and repayment  
309 of any loans made under this section; and

310 (i) To file annually with the Legislature a report  
311 detailing how monies in the Local Governments and Rural Water  
312 Systems Improvements Revolving Loan Fund and the Local Governments  
313 and Rural Water Systems Emergency Loan Fund were spent during the  
314 preceding fiscal year in each county, incorporated municipality,  
315 district or other water organization, the number of projects  
316 approved and constructed, and the cost of each project.

317 For efficient and effective administration of the loan  
318 program, revolving fund and emergency fund, the board may  
319 authorize the department or the State Health Officer to carry out  
320 any or all of the powers and duties enumerated above.

321 (4) The board may, on a case by case basis, renegotiate the  
322 payment of principal and interest on loans made under this section  
323 to the six (6) most southern counties of the state covered by the  
324 Presidential Declaration of Major Disaster for the State of  
325 Mississippi (FEMA-1604-DR) dated August 29, 2005, and to  
326 incorporated municipalities, districts or other water  
327 organizations located in such counties; however, the interest on  
328 the loans shall not be forgiven for a period of more than

329 twenty-four (24) months and the maturity of the loans shall not be  
330 extended for a period of more than forty-eight (48) months.

331 **SECTION 2.** Section 49-17-85, Mississippi Code of 1972, is  
332 amended as follows:

333 49-17-85. (1) There is established in the State Treasury a  
334 fund to be known as the "Water Pollution Control Revolving Fund"  
335 which shall be administered by the commission acting through the  
336 department. The revolving fund may receive bond proceeds and  
337 funds appropriated or otherwise made available by the Legislature  
338 in any manner and funds from any other source, public or private.  
339 The revolving fund shall be maintained in perpetuity for the  
340 purposes established in this section.

341 (2) There is established in the State Treasury a fund to be  
342 known as the "Water Pollution Control Hardship Grants Fund," which  
343 shall be administered by the commission acting through the  
344 department. The grants fund shall be maintained in perpetuity for  
345 the purposes established in this section. Any interest earned on  
346 monies in the grants fund shall be credited to that fund.

347 (3) The commission shall promulgate regulations for the  
348 administration of the revolving fund program, the hardship grants  
349 program and for related programs authorized under this section.  
350 The regulations shall be in accordance with the federal Water  
351 Quality Act of 1987, as amended and regulations and guidance  
352 issued under that act. The commission may enter into  
353 capitalization grant agreements with the United States  
354 Environmental Protection Agency and may accept capitalization  
355 grant awards made under Title VI of the Water Quality Act of 1987,  
356 as amended.

357 (4) The commission shall establish a loan program which  
358 shall commence after October 1, 1988, to assist political  
359 subdivisions in the construction of water pollution control  
360 projects. Loans from the revolving fund may be made to political  
361 subdivisions as set forth in a loan agreement in amounts not

362 exceeding one hundred percent (100%) of eligible project costs as  
363 established by the commission. Notwithstanding loan amount  
364 limitations set forth in Section 49-17-61, the commission may  
365 require local participation or funding from other sources, or  
366 otherwise limit the percentage of costs covered by loans from the  
367 revolving fund. The commission may establish a maximum amount for  
368 any loan in order to provide for broad and equitable participation  
369 in the program.

370 (5) The commission shall establish a hardship grants program  
371 for rural communities, which shall commence after July 1, 1997, to  
372 assist severely economically disadvantaged small rural political  
373 subdivisions in the construction of water pollution control  
374 projects. The commission may receive and administer state or  
375 federal funds, or both, appropriated for the operation of this  
376 grants program and may take all actions necessary to implement the  
377 program in accordance with the federal hardship grants program.  
378 The hardship grants program shall operate in conjunction with the  
379 revolving loan program administered under this section.

380 (6) The commission shall act for the state in all matters  
381 and with respect to all determinations under Title VI of the  
382 federal Water Quality Act of 1987, as amended and the federal  
383 Omnibus Appropriations and Recision Act of 1996.

384 (7) Except as otherwise provided in this section, the  
385 revolving fund may be used only:

386 (a) To make loans on the condition that:

387 (i) The loans are made at or below market interest  
388 rates, at terms not to exceed twenty (20) years after project  
389 completion; the interest rate and term may vary from time to time  
390 and from loan to loan at the discretion of the commission;

391 (ii) Periodic principal and interest payments will  
392 commence when required by the commission but not later than one  
393 (1) year after project completion and all loans will be fully

394 amortized when required by the commission but not later than  
395 twenty (20) years after project completion;

396 (iii) The recipient of a loan will establish a  
397 dedicated source of revenue for repayment of loans;

398 (b) To buy or refinance the debt obligation of  
399 political subdivisions at or below market rates, where the debt  
400 obligations were incurred after March 7, 1985, and where the  
401 projects were constructed in compliance with applicable federal  
402 and state regulations;

403 (c) To guarantee, or purchase insurance for,  
404 obligations of political subdivisions where the action would  
405 improve credit market access or reduce interest rates;

406 (d) To provide loan guarantees for similar revolving  
407 funds established by municipalities or intermunicipal agencies;

408 (e) To earn interest on fund accounts;

409 (f) To establish nonpoint source pollution control  
410 management programs;

411 (g) To establish estuary conservation and management  
412 programs;

413 (h) For the reasonable costs of administering the  
414 revolving fund and conducting activities under this act, subject  
415 to the limitations established in Section 603(d)(7) of Title VI of  
416 the federal Clean Water Act, as amended, and subject to annual  
417 appropriation by the Legislature; and

418 (i) In connection with the issuance, sale and purchase  
419 of bonds under Section 31-25-1 et seq., related to the funding of  
420 projects, to provide security or a pledge of revenues for the  
421 repayment of the bonds.

422 (8) The hardship grants program shall be used only to  
423 provide hardship grants consistent with the federal hardship  
424 grants program for rural communities, regulations and guidance  
425 issued by the United States Environmental Protection Agency,  
426 subsections (3) and (5) of this section and regulations

427 promulgated and guidance issued by the commission under this  
428 section.

429 (9) The commission shall establish by regulation a system of  
430 priorities and a priority list of projects eligible for funding  
431 with loans from the revolving fund.

432 (10) The commission may provide a loan from the revolving  
433 fund only with respect to a project if that project is on the  
434 priority list established by the commission.

435 (11) The revolving fund shall be credited with all payments  
436 of principal and interest derived from the fund uses described in  
437 subsection (7) of this section. However, notwithstanding any  
438 other provision of law to the contrary, all or any portion of  
439 payments of principal and interest derived from the fund uses  
440 described in subsection (7) of this section may be designated or  
441 pledged for repayment of a loan as provided for in Section  
442 31-25-28 in connection with a loan from the Mississippi  
443 Development Bank.

444 (12) The commission may establish and collect fees to defray  
445 the reasonable costs of administering the revolving fund if it  
446 determines that the administrative costs will exceed the  
447 limitations established in Section 603(d)(7) of Title VI of the  
448 federal Clean Water Act, as amended. The administration fees may  
449 be included in loan amounts to political subdivisions for the  
450 purpose of facilitating payment to the commission. The fees may  
451 not exceed five percent (5%) of the loan amount.

452 (13) The commission may, on a case by case basis,  
453 renegotiate the payment of principal and interest on loans made  
454 under this section to the six (6) most southern counties of the  
455 state covered by the Presidential Declaration of Major Disaster  
456 for the State of Mississippi (FEMA-1604-DR) dated August 29, 2005,  
457 and to municipalities and water systems located in such counties;  
458 however, the interest on the loans shall not be forgiven for a  
459 period of more than twenty-four (24) months and the maturity of

460 the loans shall not be extended for a period of more than  
461 forty-eight (48) months.

462 **SECTION 3.** Section 49-17-86, Mississippi Code of 1972, is  
463 amended as follows:

464 49-17-86. (1) (a) There is created a fund in the State  
465 Treasury to be designated as the "Water Pollution Control  
466 Emergency Loan Fund" hereinafter referred to as "emergency fund."

467 (b) The emergency fund may receive appropriations, bond  
468 proceeds, grants, gifts, donations or funds from any source,  
469 public or private. The emergency fund shall be credited with all  
470 repayments of principal and interest derived from loans made from  
471 the emergency fund.

472 (c) The monies in the emergency fund may be expended  
473 only in amounts appropriated by the Legislature.

474 (d) The emergency fund shall be maintained in  
475 perpetuity for the purposes established in Sections 49-17-81  
476 through 49-17-89. Unexpended amounts remaining in the emergency  
477 fund at the end of a fiscal year shall not lapse into the State  
478 General Fund. Any interest earned on amounts in the emergency  
479 fund shall be deposited to the credit of the fund.

480 (2) The commission shall establish a loan program to assist  
481 political subdivisions in making emergency improvements such as  
482 repairs to or replacement of machinery, equipment, materials,  
483 structures or devices in existing water pollution abatement  
484 projects or such other emergency water pollution abatement  
485 projects as the commission deems necessary. Loans from the  
486 emergency fund may be made to political subdivisions as set forth  
487 in a loan agreement in amounts not exceeding one hundred percent  
488 (100%) of eligible project costs as established by the commission.  
489 The commission may require local participation or funding from  
490 other sources, or otherwise limit the percentage of costs covered  
491 by loans from the emergency fund. The commission may establish a

492 maximum amount for any loan not to exceed Three Hundred Fifty  
493 Thousand Dollars (\$350,000.00).

494 (3) Except as otherwise provided in this section, the  
495 emergency fund may be used only:

496 (a) To make loans on the condition that:

497 (i) Loans are made at or below market interest  
498 rates, at terms not to exceed ten (10) years after project  
499 completion; the interest rate may vary from time to time and from  
500 loan to loan at the discretion of the commission.

501 (ii) Periodic principal and interest payments will  
502 commence when required by the commission but not later than one  
503 (1) year after project completion and all loans will be fully  
504 amortized when required by the commission but not later than ten  
505 (10) years after project completion.

506 (iii) The recipient of a loan shall establish a  
507 dedicated source of revenue for repayment of loans. In addition,  
508 the commission may require any loan recipient to impose a per  
509 connection surcharge on each customer for repayment of any loan  
510 funds provided under this section.

511 (iv) The recipient of the loan is not in arrears  
512 in repayments to the Water Pollution Control Revolving Fund, the  
513 Water Pollution Control Emergency Loan Fund or under the Water  
514 Pollution Abatement Loan Program.

515 (b) To provide financial assistance to political  
516 subdivisions in making emergency improvements such as repairs to  
517 or replacement of machinery, equipment, materials, structures or  
518 devices in existing water pollution abatement projects or such  
519 other emergency water pollution abatement projects as the  
520 commission deems necessary.

521 (c) To defray the reasonable costs of administering the  
522 emergency fund and conducting activities under this section,  
523 subject to annual appropriation by the Legislature.



524 (4) The commission shall establish a system of evaluating  
525 the eligibility of projects, including a determination of the  
526 emergency nature of a situation for which funding is sought.

527 (5) The fund will be credited with all payments of principal  
528 and interest derived from the fund uses described in subsection  
529 (3) of this section. However, notwithstanding any other provision  
530 of law to the contrary, all or any portion of payments of  
531 principal and interest derived from the fund uses described in  
532 subsection (3) of this section may be designated or pledged for  
533 repayment of a loan as provided for in Section 31-25-28 in  
534 connection with a loan from the Mississippi Development Bank.

535 (6) In addition to any amounts allowed under subsection  
536 (3)(c), the commission may establish and collect fees to further  
537 defray the reasonable costs of administering the emergency fund.  
538 Any administrative fees may be included in loan amounts to  
539 political subdivisions for the purpose of facilitating payment to  
540 the commission; fees may not exceed five percent (5%) of the loan  
541 amount. The commission may also use administrative fees collected  
542 pursuant to Section 49-17-85 to defray the reasonable costs of  
543 administering the emergency fund.

544 (7) The board may, on a case by case basis, renegotiate the  
545 payment of principal and interest on loans made under this section  
546 to the six (6) most southern counties of the state covered by the  
547 Presidential Declaration of Major Disaster for the State of  
548 Mississippi (FEMA-1604-DR) dated August 29, 2005, and to political  
549 subdivisions located in such counties; however, the interest on  
550 the loans shall not be forgiven for a period of more than  
551 twenty-four (24) months and the maturity of the loans shall not be  
552 extended for a period of more than forty-eight (48) months.

553 **SECTION 4.** Section 57-1-303, Mississippi Code of 1972, is  
554 amended as follows:

555 57-1-303. (1) (a) (i) There is created a special fund in  
556 the State Treasury to be designated as the "Local Governments

557 Capital Improvements Revolving Loan Fund," which fund shall  
558 consist of such monies as provided in Sections 57-1-307 through  
559 57-1-335. The fund shall be maintained in perpetuity for the  
560 purposes established in Sections 57-1-301 through 57-1-335.  
561 Unexpended amounts remaining in the fund at the end of a fiscal  
562 year shall not lapse into the State General Fund, and any interest  
563 earned on amounts in the fund shall be deposited to the credit of  
564 the fund. Monies in the fund may not be used or expended for any  
565 purpose except as authorized under Sections 57-1-301 through  
566 57-1-335.

567 (ii) Monies in the Local Governments Capital  
568 Improvements Revolving Loan Fund which are derived from interest  
569 on loan payments received by the Mississippi Development Authority  
570 after January 1, 2002, for loans funded with proceeds of bonds  
571 whose interest is not exempt from income taxation under the  
572 provisions of the Internal Revenue Code may be used by the  
573 Mississippi Development Authority for the ordinary and necessary  
574 general support of the Mississippi Development Authority.  
575 However, such monies may not be used for the purpose of providing  
576 salary increases for Mississippi Development Authority employees.  
577 The Mississippi Development Authority may escalate its budget and  
578 expend such monies in accordance with rules and regulations of the  
579 Department of Finance and Administration in a manner consistent  
580 with the escalation of federal funds. This subparagraph (ii)  
581 shall be repealed from and after July 1, 2007.

582 (b) The Local Governments Capital Improvements  
583 Revolving Loan Fund shall be divided into the Taxable Local  
584 Governments Capital Improvements Revolving Loan Subaccount and the  
585 Nontaxable Local Governments Capital Improvements Revolving Loan  
586 Subaccount. Funds allocated to the Nontaxable Local Governments  
587 Capital Improvements Revolving Loan Subaccount shall be utilized  
588 to provide loans for capital improvements that would qualify for  
589 the issuance of bonds whose interest is exempt from income

590 taxation under the provisions of the Internal Revenue Code. Funds  
591 allocated to the Taxable Local Governments Capital Improvements  
592 Revolving Loan Subaccount shall be utilized to provide loans for  
593 any eligible capital improvements, including, but not limited to,  
594 capital improvements that would qualify for the issuance of bonds  
595 whose interest is exempt from income taxation under the provisions  
596 of the Internal Revenue Code.

597 (c) Of the funds deposited into the Local Governments  
598 Capital Improvements Revolving Loan Fund, not less than  
599 Twenty-five Million Dollars (\$25,000,000.00) shall be allocated to  
600 the Nontaxable Local Governments Capital Improvements Revolving  
601 Loan Subaccount, and the remainder of such funds shall be  
602 allocated to the Taxable Local Governments Capital Improvements  
603 Revolving Loan Subaccount.

604 (2) A county or an incorporated municipality may apply to  
605 the Mississippi Development Authority for a loan under the local  
606 governments capital improvements revolving loan program  
607 established under Sections 57-1-301 through 57-1-335.

608 (3) (a) The Mississippi Development Authority shall  
609 establish a loan program by which loans, at the rate of interest  
610 provided for in paragraph (b) of this subsection, may be made  
611 available to counties and incorporated municipalities to assist  
612 counties and incorporated municipalities in making capital  
613 improvements. Loans from the revolving fund may be made to  
614 counties and municipalities as set forth in a loan agreement in  
615 amounts not to exceed one hundred percent (100%) of eligible  
616 project costs as established by the Mississippi Development  
617 Authority. The Mississippi Development Authority may require  
618 county or municipal participation or funding from other sources,  
619 or otherwise limit the percentage of costs covered by loans from  
620 the revolving fund. The Mississippi Development Authority may  
621 establish a maximum amount for any loan in order to provide for  
622 broad and equitable participation in the program and loans for

623 projects described in Section 57-1-301(1)(m) shall not exceed Two  
624 Hundred Fifty Thousand Dollars (\$250,000.00) per project.

625           (b) (i) Except as otherwise provided in this paragraph  
626 (b), the rate of interest on loans made from the Local Governments  
627 Capital Improvements Revolving Loan Fund for capital improvements  
628 that would qualify for the issuance of bonds whose interest is  
629 exempt from income taxation under the provisions of the Internal  
630 Revenue Code shall be at the rate of three percent (3%) per annum,  
631 calculated according to the actuarial method. The rate of  
632 interest on loans for all other capital improvements shall be at  
633 the true interest cost on the most recent issue of twenty-year  
634 state general obligation bonds occurring prior to the date such  
635 loan is made.

636           (ii) The rate of interest on loans made after  
637 April 9, 2002, from the Local Governments Capital Improvements  
638 Revolving Loan Fund for capital improvements that would qualify  
639 for the issuance of bonds whose interest is exempt from income  
640 taxation under the provisions of the Internal Revenue Code shall  
641 be at the rate of two percent (2%) per annum, calculated according  
642 to the actuarial method. The rate of interest on loans made after  
643 April 9, 2002, for all other capital improvements shall be at the  
644 rate of three percent (3%) per annum, calculated according to the  
645 actuarial method.

646           (iii) Notwithstanding the provisions of this  
647 paragraph to the contrary, loans made for the purposes of the  
648 capital project described in Section 57-1-301(2)(1) shall bear no  
649 interest.

650           (4) A county that receives a loan from the revolving fund  
651 shall pledge for repayment of the loan any part of the homestead  
652 exemption annual tax loss reimbursement to which it may be  
653 entitled under Section 27-33-77. An incorporated municipality  
654 that receives a loan from the revolving fund shall pledge for  
655 repayment of the loan any part of the sales tax revenue

656 distribution to which it may be entitled under Section 27-65-75.  
657 Each loan agreement shall provide for (i) monthly payments, (ii)  
658 semiannual payments, or (iii) other periodic payments, the annual  
659 total of which shall not exceed the annual total for any other  
660 year of the loan by more than fifteen percent (15%). The loan  
661 agreement shall provide for the repayment of all funds received  
662 within not more than twenty (20) years from the date of project  
663 completion.

664 (5) The State Auditor, upon request of the Mississippi  
665 Development Authority, shall audit the receipts and expenditures  
666 of a county or an incorporated municipality whose loan payments  
667 appear to be in arrears, and if he finds that the county or  
668 municipality is in arrears in such payments, he shall immediately  
669 notify the Executive Director of the Department of Finance and  
670 Administration who shall withhold all future payments to the  
671 county of homestead exemption reimbursements under Section  
672 27-33-77 and all sums allocated to the county or the municipality  
673 under Section 27-65-75 until such time as the county or the  
674 municipality is again current in its loan payments as certified by  
675 the Mississippi Development Authority.

676 (6) Evidences of indebtedness which are issued pursuant to  
677 this chapter shall not be deemed indebtedness within the meaning  
678 specified in Section 21-33-303 with regard to cities or  
679 incorporated towns, and in Section 19-9-5 with regard to counties.

680 (7) There is created a special fund in the State Treasury to  
681 be designated as the "Local Governments Brownfields Redevelopment  
682 Grant Fund." The fund shall consist of those monies as provided  
683 in Section 57-1-307. The fund shall be maintained in perpetuity  
684 for the purposes established in this section. Unexpended amounts  
685 remaining in the fund at the end of the fiscal year shall not  
686 lapse into the State General Fund, and any interest earned on  
687 amounts in the fund shall be deposited to the credit of the fund.

688 Monies in the fund may not be used or expended for any purpose  
689 except as authorized in this section.

690 (8) (a) The Mississippi Development Authority shall  
691 establish a local governments brownfields redevelopment grant  
692 program to provide funds to counties and incorporated  
693 municipalities for coordination of activities related to  
694 brownfields redevelopment. Activities eligible for funding under  
695 this program include identification of brownfield sites, site  
696 assessments that have been conducted in accordance with Sections  
697 49-35-1 through 49-35-25, and development of remedial action plans  
698 that have been conducted in accordance with Sections 49-35-1  
699 through 49-35-25. The implementation of remedial action plans or  
700 site remediation and post-remediation monitoring shall not be  
701 considered eligible activities. The authority shall provide  
702 grants to counties or incorporated municipalities, if the county  
703 or incorporated municipality demonstrates and the authority  
704 determines that following remediation the site will be directly  
705 associated with the creation or retention of jobs.

706 (b) Grants shall be awarded on a competitive basis,  
707 subject to the availability of funding. Grants shall be limited  
708 to a maximum of One Hundred Thousand Dollars (\$100,000.00).

709 (c) Grant amounts shall not exceed seventy-five percent  
710 (75%) of the total project amount. The remaining twenty-five  
711 percent (25%) shall be provided by the county or incorporated  
712 municipality as local matching funds.

713 (9) The Mississippi Development Authority may, on a case by  
714 case basis, renegotiate the payment of principal and interest on  
715 loans made under Sections 57-1-301 through 57-1-335 to the six (6)  
716 most southern counties of the state covered by the Presidential  
717 Declaration of Major Disaster for the State of Mississippi  
718 (FEMA-1604-DR) dated August 29, 2005, and to political  
719 subdivisions located in such counties; however, the interest on  
720 the loans shall not be forgiven for a period of more than

721 twenty-four (24) months and the maturity of the loans shall not be  
722 extended for a period of more than forty-eight (48) months.

723 **SECTION 5.** Section 57-44-7, Mississippi Code of 1972, is  
724 amended as follows:

725 57-44-7. (1) There is created a special fund in the State  
726 Treasury to be designated as the "Local Governments Freight Rail  
727 Service Project Revolving Loan Fund," which fund shall consist of  
728 such monies as provided in Sections 57-44-11 through 57-44-39.  
729 The fund shall be maintained in perpetuity for the purposes  
730 established in this chapter. Unexpended amounts remaining in the  
731 fund at the end of a fiscal year shall not lapse into the State  
732 General Fund, and any interest earned on amounts in the fund shall  
733 be deposited to the credit of the fund. Monies in the fund may  
734 not be used or expended for any purpose except as authorized under  
735 this chapter. However, the Mississippi Development Authority, in  
736 order to promote the safety of the general public, shall establish  
737 a program to permit monies from the Local Governments Freight Rail  
738 Service Project Revolving Loan Fund to be provided to counties in  
739 the form of grants to assist counties in defraying expenses  
740 relating to the upgrading of railroad grade crossings. Only  
741 projects approved by the Mississippi Department of Transportation  
742 shall be eligible for such grants. The Mississippi Development  
743 Authority, by rule and regulation, shall establish the maximum  
744 amount of any grant awarded to a county and may establish such  
745 other rules and regulations as it deems appropriate or necessary  
746 to administer the grant program and ensure that monies in the fund  
747 are made available to all counties on an equitable basis. Federal  
748 funds shall be utilized to pay not less than five percent (5%) of  
749 the cost of each project. However, the maximum amount of such  
750 grants to all counties may not exceed Eight Million Dollars  
751 (\$8,000,000.00), in the aggregate.

752 (2) The Mississippi Development Authority shall establish a  
753 loan program by which loans, at a rate of interest not to exceed

754 one percent (1%) less than the federal reserve discount rate, may  
755 be made available to counties and incorporated municipalities to  
756 provide loans to counties and incorporated municipalities which  
757 may be used by the governing authorities of such counties and  
758 municipalities to provide loans to railroad corporations for  
759 freight rail service projects. Loans from the revolving fund may  
760 be made to counties and municipalities as set forth in a loan  
761 agreement in amounts established by the Mississippi Development  
762 Authority. The Mississippi Development Authority may establish a  
763 maximum amount for any loan in order to provide for broad and  
764 equitable participation in the program.

765 (3) A county that receives a loan from the revolving fund  
766 shall pledge for repayment of the loan any part of the homestead  
767 exemption annual tax loss reimbursement to which it may be  
768 entitled under Section 27-33-77. An incorporated municipality  
769 that receives a loan from the revolving fund shall pledge for  
770 repayment of the loan any part of the sales tax revenue  
771 distribution to which it may be entitled under Section 27-65-75.  
772 Each loan agreement shall provide for (a) monthly payments, (b)  
773 semiannual payments, or (c) other periodic payments, the annual  
774 total of which shall not exceed the annual total for any other  
775 year of the loan by more than fifteen percent (15%). The loan  
776 agreement shall provide for the repayment of all funds received  
777 within not more than fifteen (15) years from the date of project  
778 completion.

779 (4) The State Auditor, upon request of the Mississippi  
780 Development Authority, shall audit the receipts and expenditures  
781 of a county or an incorporated municipality whose loan payments  
782 appear to be in arrears, and if he finds that the county or  
783 municipality is in arrears in such payments, he shall immediately  
784 notify the Executive Director of the Department of Finance and  
785 Administration who shall withhold all future payments to the  
786 county of homestead exemption reimbursements under Section



787 27-33-77 and all sums allocated to the county or the municipality  
788 under Section 27-65-75 until such time as the county or the  
789 municipality is again current in its loan payments as certified by  
790 the Mississippi Development Authority.

791 (5) Evidences of indebtedness which are issued pursuant to  
792 this chapter shall not be deemed indebtedness within the meaning  
793 specified in Section 21-33-303 with regard to cities or  
794 incorporated towns, and in Section 19-9-5 with regard to counties.

795 (6) The Mississippi Development Authority may, on a case by  
796 case basis, renegotiate the payment of principal and interest on  
797 loans made under this chapter to the six (6) most southern  
798 counties of the state covered by the Presidential Declaration of  
799 Major Disaster for the State of Mississippi (FEMA-1604-DR) dated  
800 August 29, 2005, and to incorporated municipalities located in  
801 such counties; however, the interest on the loans shall not be  
802 forgiven for a period of more than twenty-four (24) months and the  
803 maturity of the loans shall not be extended for a period of more  
804 than forty-eight (48) months.

805 **SECTION 6.** Section 57-61-41, Mississippi Code of 1972, is  
806 amended as follows:

807 57-61-41. (1) Notwithstanding any provision of this chapter  
808 to the contrary, the Mississippi Development Authority shall  
809 utilize not more than Twelve Million Dollars (\$12,000,000.00) out  
810 of the proceeds of bonds authorized to be issued in this chapter  
811 to be made available to state, county or municipal port and  
812 airport authorities through a Port Revitalization Revolving Loan  
813 Fund for the purpose of making loans to port authorities for the  
814 improvement of port and airport facilities to promote commerce and  
815 economic growth. Proceeds shall not be made available to provide  
816 any facilities for utilization by a gaming vessel.

817 (2) In exercising its authority, the Mississippi Development  
818 Authority shall work in conjunction with the Water Resources

819 Council to establish criteria and guidelines to govern loans made  
820 pursuant to this section.

821 (3) The Mississippi Development Authority may, on a case by  
822 case basis, renegotiate the payment of principal and interest on  
823 loans made under this section to state, county and municipal port  
824 and airport authorities located in the six (6) most southern  
825 counties of the state covered by the Presidential Declaration of  
826 Major Disaster for the State of Mississippi (FEMA-1604-DR) dated  
827 August 29, 2005; however, the interest on the loans shall not be  
828 forgiven for a period of more than twenty-four (24) months and the  
829 maturity of the loans shall not be extended for a period of more  
830 than forty-eight (48) months.

831 **SECTION 7.** This act shall take effect and be in force from  
832 and after its passage.