

By: Senator(s) Cuevas

To: Finance

SENATE BILL NO. 2947  
(As Sent to Governor)

1 AN ACT TO AMEND SECTIONS 41-3-16, 49-17-65, 49-17-69,  
2 49-17-85, 49-17-86, 57-1-303, 57-44-7 AND 57-61-41, MISSISSIPPI  
3 CODE OF 1972, TO AUTHORIZE THE RENEGOTIATION OF LOANS MADE UNDER  
4 THE LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS IMPROVEMENTS  
5 REVOLVING LOAN AND GRANT PROGRAM, THE WATER POLLUTION ABATEMENT  
6 LOAN PROGRAM, THE WATER POLLUTION CONTROL REVOLVING FUND, THE  
7 WATER POLLUTION CONTROL EMERGENCY LOAN FUND, THE LOCAL GOVERNMENTS  
8 CAPITAL IMPROVEMENTS REVOLVING LOAN FUND, THE LOCAL GOVERNMENTS  
9 FREIGHT RAIL SERVICE PROJECT REVOLVING LOAN FUND AND THE PORT  
10 REVITALIZATION REVOLVING LOAN FUND, TO THE SIX MOST SOUTHERN  
11 COUNTIES OF THE STATE COVERED BY THE PRESIDENTIAL DECLARATION OF  
12 MAJOR DISASTER FOR THE STATE OF MISSISSIPPI (FEMA-1604-DR) DATED  
13 AUGUST 29, 2005, AND TO POLITICAL SUBDIVISIONS AND CERTAIN OTHER  
14 ENTITIES LOCATED IN SUCH COUNTIES; TO PROVIDE THAT THE INTEREST ON  
15 THE LOANS SHALL NOT BE FORGIVEN FOR A PERIOD OF MORE THAN 24  
16 MONTHS AND THE MATURITY OF THE LOANS SHALL NOT BE EXTENDED FOR A  
17 PERIOD OF MORE THAN 48 MONTHS; AND FOR RELATED PURPOSES.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

167 emergency fund shall be Five Hundred Thousand Dollars  
168 (\$500,000.00), and the maximum amount for any loan from the  
169 revolving fund shall be One Million Five Hundred Thousand Dollars  
170 (\$1,500,000.00).

171 (d) A county that receives a loan from the revolving  
172 fund or the emergency fund shall pledge for repayment of the loan  
173 any part of the homestead exemption annual tax loss reimbursement  
174 to which it may be entitled under Section 27-33-77, as may be  
175 required to meet the repayment schedule contained in the loan  
176 agreement. An incorporated municipality that receives a loan from  
177 the revolving fund or the emergency fund shall pledge for  
178 repayment of the loan any part of the sales tax revenue  
179 distribution to which it may be entitled under Section 27-65-75,  
180 as may be required to meet the repayment schedule contained in the  
181 loan agreement. All recipients of such loans shall establish a  
182 dedicated source of revenue for repayment of the loan. Before any  
183 county or incorporated municipality shall receive any loan, it  
184 shall have executed with the State Tax Commission and the board a  
185 loan agreement evidencing that loan. The loan agreement shall not  
186 be construed to prohibit any recipient from prepaying any part or  
187 all of the funds received. The repayment schedule in each loan  
188 agreement shall provide for (i) monthly payments, (ii) semiannual  
189 payments or (iii) other periodic payments, the annual total of  
190 which shall not exceed the annual total for any other year of the  
191 loan by more than fifteen percent (15%). Except as otherwise  
192 provided in subsection (4) of this section, the loan agreement  
193 shall provide for the repayment of all funds received from the  
194 revolving fund within not more than fifteen (15) years or a term  
195 as otherwise allowed by the federal Safe Drinking Water Act, and  
196 all funds received from the emergency fund within not more than  
197 five (5) years from the date of project completion, and any  
198 repayment shall commence not later than one (1) year after project  
199 completion. The State Tax Commission shall withhold semiannually

200 from counties and monthly from incorporated municipalities from  
201 the amount to be remitted to the county or municipality, a sum  
202 equal to the next repayment as provided in the loan agreement.

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

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

217 (f) Any district created pursuant to Sections 19-5-151  
218 through 19-5-207 that receives a loan from the revolving fund or  
219 the emergency fund shall pledge for repayment of the loan any part  
220 of the revenues received by that district pursuant to Sections  
221 19-5-151 through 19-5-207, as may be required to meet the  
222 repayment schedule contained in the loan agreement.

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

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

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

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

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

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



266 521, Laws of 1995, for the implementation of the local governments  
267 and rural water systems improvements revolving loan program;

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

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

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

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

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

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

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

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

323 (4) The board may, on a case-by-case basis and to the extent  
324 allowed by federal law, renegotiate the payment of principal and  
325 interest on loans made under this section to the six (6) most  
326 southern counties of the state covered by the Presidential  
327 Declaration of Major Disaster for the State of Mississippi  
328 (FEMA-1604-DR) dated August 29, 2005, and to incorporated  
329 municipalities, districts or other water organizations located in  
330 such counties; however, the interest on the loans shall not be  
331 forgiven for a period of more than twenty-four (24) months and the

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

334 **SECTION 2.** Section 49-17-65, Mississippi Code of 1972, is  
335 amended as follows:

336 49-17-65. (1) Any political subdivision desiring to  
337 construct a waste disposal plant approved by the Office of  
338 Pollution Control of the Department of Environmental Quality, and  
339 which receives a loan from the state for that purpose, shall  
340 pledge for the repayment of such loan that part of the sales tax  
341 reimbursement to which it is entitled under Section 27-65-75 as  
342 may be required to meet a repayment schedule adopted by the State  
343 Tax Commission. The repayment schedule shall provide for monthly  
344 payments, the largest of which shall not exceed the average  
345 monthly payment for the term of years of the contract by more than  
346 fifteen percent (15%). The repayment schedule shall provide for  
347 the repayment of all funds received within not more than twenty  
348 (20) years from the date said loan is actually received by the  
349 political subdivision; however, the repayment schedule and the  
350 time for repayment of all funds received on loans renegotiated  
351 under subsection (6) of this section shall be modified by the  
352 State Tax Commission to conform with the terms of the renegotiated  
353 loan. The State Tax Commission shall withhold monthly from the  
354 amount to be remitted to a political subdivision, a sum equal to  
355 the next monthly payment.

356 (2) When bonds shall have been issued by the State of  
357 Mississippi to generate funds to be used for loans to be made  
358 under the provisions of Section 49-17-61, all payments made in  
359 repayment under this section shall be deposited into the Water  
360 Pollution Abatement Bond Fund established under the provisions of  
361 Section 49-17-61 so long as any such bonds shall be outstanding  
362 and unpaid.

363 (3) When all the bonds shall have been paid, such payments  
364 shall be deposited in the Water Pollution Abatement Loan Fund

365 ("loan fund") established under the provisions of Section  
366 49-17-61.

367 (4) When no such bonds shall be outstanding and unpaid, the  
368 payments shall be deposited in the loan fund.

369 (5) Funds on deposit in the loan fund may be used to make  
370 loans in aid of construction for water pollution abatement upon  
371 appropriation by the Legislature.

372 (6) The Department of Environmental Quality may, on a  
373 case-by-case basis, renegotiate the payment of principal on loans  
374 made under Sections 49-17-61 through 49-17-70 to political  
375 subdivisions located in the six (6) most southern counties of the  
376 state covered by the Presidential Declaration of Major Disaster  
377 for the State of Mississippi (FEMA-1604-DR) dated August 29, 2005;  
378 however, the maturity of the loans shall not be extended for a  
379 period of more than forty-eight (48) months.

380 **SECTION 3.** Section 49-17-69, Mississippi Code of 1972, is  
381 amended as follows:

382 49-17-69. (1) Any political subdivision desiring to  
383 construct a waste disposal plant approved by the Office of  
384 Pollution Control of the Department of Environmental Quality and  
385 which receives a loan from the state for that purpose but which is  
386 not eligible to pledge for repayment under the provisions of  
387 Sections 49-17-65 and 49-17-67, shall repay the loan by making  
388 payments each month to the State Treasurer through the Department  
389 of Environmental Quality according to the provisions of Section  
390 7-7-15, to be credited to the appropriate fund in lieu of pledging  
391 sales tax reimbursements.

392 (2) The repayment shall be according to a schedule prepared  
393 by the State Tax Commission in the same manner as such schedules  
394 are prepared for the state's other political subdivisions. The  
395 repayment schedule shall provide for monthly payments, the largest  
396 of which shall not exceed the average monthly payment for the term  
397 of years of the contract by more than fifteen percent (15%). The

398 repayment schedule shall provide for the repayment of all funds  
399 received within no more than twenty (20) years from the date the  
400 loan is actually received by the political subdivision; however,  
401 the repayment schedule and the time for repayment of all funds  
402 received on loans renegotiated under Section 49-17-61(6) shall be  
403 modified by the State Tax Commission to conform with the terms of  
404 the renegotiated loan. The political subdivision shall remit its  
405 monthly payment by the twentieth of the month to the Department of  
406 Environmental Quality and the payments shall be made prior to the  
407 payments of principal or interest on any bonds issued by the  
408 political subdivision in connection with the project or projects  
409 to which the pollution abatement loans are made.

410 (3) The State Auditor shall annually audit the receipts and  
411 expenditures of each district whose monthly payments are to be  
412 received by him, and if he should find such political subdivision  
413 in arrears for two (2) consecutive years, he shall immediately  
414 begin withholding from funds due the taxing district in which the  
415 political subdivision is located, under the provisions of \* \* \*  
416 Section 27-33-41(g) and (h), an amount equal to twelve (12) times  
417 the largest monthly payment due and issue his warrant for such  
418 amount to either one (1) of the two (2) special funds as directed  
419 below.

420 (4) The repayment schedule \* \* \* provided for in this  
421 section shall not be construed to prohibit any recipient from  
422 prepaying any part or all of the funds received.

423 (5) When bonds shall have been issued by the State of  
424 Mississippi to generate funds to be used for loans to be made  
425 under the provisions of Section 49-17-61, all payments made in  
426 repayment under this section shall be deposited into the Water  
427 Pollution Abatement Bond Fund established under the provisions of  
428 Section 49-17-61 so long as any such bonds shall be outstanding  
429 and unpaid.

430       (6) When all such bonds shall have been paid, the payments  
431 shall be deposited in the Water Pollution Abatement Loan Fund  
432 ("loan fund") established under the provisions of Section  
433 49-17-61.

434       (7) When no such bonds shall be outstanding and unpaid, the  
435 payments shall be deposited in the loan fund.

436       (8) Funds on deposit in the loan fund may be used to make  
437 loans in aid of construction for water pollution abatement upon  
438 appropriation by the Legislature.

439       **SECTION 4.** Section 49-17-85, Mississippi Code of 1972, is  
440 amended as follows:

441       49-17-85. (1) There is established in the State Treasury a  
442 fund to be known as the "Water Pollution Control Revolving Fund"  
443 which shall be administered by the commission acting through the  
444 department. The revolving fund may receive bond proceeds and  
445 funds appropriated or otherwise made available by the Legislature  
446 in any manner and funds from any other source, public or private.  
447 The revolving fund shall be maintained in perpetuity for the  
448 purposes established in this section.

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

455       (3) The commission shall promulgate regulations for the  
456 administration of the revolving fund program, the hardship grants  
457 program and for related programs authorized under this section.  
458 The regulations shall be in accordance with the federal Water  
459 Quality Act of 1987, as amended and regulations and guidance  
460 issued under that act. The commission may enter into  
461 capitalization grant agreements with the United States  
462 Environmental Protection Agency and may accept capitalization

463 grant awards made under Title VI of the Water Quality Act of 1987,  
464 as amended.

465 (4) The commission shall establish a loan program which  
466 shall commence after October 1, 1988, to assist political  
467 subdivisions in the construction of water pollution control  
468 projects. Loans from the revolving fund may be made to political  
469 subdivisions as set forth in a loan agreement in amounts not  
470 exceeding one hundred percent (100%) of eligible project costs as  
471 established by the commission. Notwithstanding loan amount  
472 limitations set forth in Section 49-17-61, the commission may  
473 require local participation or funding from other sources, or  
474 otherwise limit the percentage of costs covered by loans from the  
475 revolving fund. The commission may establish a maximum amount for  
476 any loan in order to provide for broad and equitable participation  
477 in the program.

478 (5) The commission shall establish a hardship grants program  
479 for rural communities, which shall commence after July 1, 1997, to  
480 assist severely economically disadvantaged small rural political  
481 subdivisions in the construction of water pollution control  
482 projects. The commission may receive and administer state or  
483 federal funds, or both, appropriated for the operation of this  
484 grants program and may take all actions necessary to implement the  
485 program in accordance with the federal hardship grants program.  
486 The hardship grants program shall operate in conjunction with the  
487 revolving loan program administered under this section.

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

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

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

495 (i) The loans are made at or below market interest  
496 rates, at terms not to exceed the maximum time allowed by federal  
497 law after project completion; the interest rate and term may vary  
498 from time to time and from loan to loan at the discretion of the  
499 commission;

500 (ii) Periodic principal and interest payments will  
501 commence when required by the commission but not later than one  
502 (1) year after project completion and all loans will be fully  
503 amortized when required by the commission but not later than the  
504 maximum time allowed by federal law after project completion;

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

507 (b) To buy or refinance the debt obligation of  
508 political subdivisions at or below market rates, where the debt  
509 obligations were incurred after March 7, 1985, and where the  
510 projects were constructed in compliance with applicable federal  
511 and state regulations;

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

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

517 (e) To earn interest on fund accounts;

518 (f) To establish nonpoint source pollution control  
519 management programs;

520 (g) To establish estuary conservation and management  
521 programs;

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



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

531           (8) The hardship grants program shall be used only to  
532 provide hardship grants consistent with the federal hardship  
533 grants program for rural communities, regulations and guidance  
534 issued by the United States Environmental Protection Agency,  
535 subsections (3) and (5) of this section and regulations  
536 promulgated and guidance issued by the commission under this  
537 section.

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

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

544           (11) The revolving fund shall be credited with all payments  
545 of principal and interest derived from the fund uses described in  
546 subsection (7) of this section. However, notwithstanding any  
547 other provision of law to the contrary, all or any portion of  
548 payments of principal and interest derived from the fund uses  
549 described in subsection (7) of this section may be designated or  
550 pledged for repayment of a loan as provided for in Section  
551 31-25-28 in connection with a loan from the Mississippi  
552 Development Bank.

553           (12) The commission may establish and collect fees to defray  
554 the reasonable costs of administering the revolving fund if it  
555 determines that the administrative costs will exceed the  
556 limitations established in Section 603(d)(7) of Title VI of the  
557 federal Clean Water Act, as amended. The administration fees may  
558 be included in loan amounts to political subdivisions for the

559 purpose of facilitating payment to the commission. The fees may  
560 not exceed five percent (5%) of the loan amount.

561 (13) The commission may, on a case-by-case basis and to the  
562 extent allowed by federal law, renegotiate the payment of  
563 principal and interest on loans made under this section to the six  
564 (6) most southern counties of the state covered by the  
565 Presidential Declaration of Major Disaster for the State of  
566 Mississippi (FEMA-1604-DR) dated August 29, 2005, and to political  
567 subdivisions located in such counties; however, the interest on  
568 the loans shall not be forgiven for a period of more than  
569 twenty-four (24) months and the maturity of the loans shall not be  
570 extended for a period of more than forty-eight (48) months.

571 **SECTION 5.** Section 49-17-86, Mississippi Code of 1972, is  
572 amended as follows:

573 49-17-86. (1) (a) There is created a fund in the State  
574 Treasury to be designated as the "Water Pollution Control  
575 Emergency Loan Fund" hereinafter referred to as "emergency fund."

576 (b) The emergency fund may receive appropriations, bond  
577 proceeds, grants, gifts, donations or funds from any source,  
578 public or private. The emergency fund shall be credited with all  
579 repayments of principal and interest derived from loans made from  
580 the emergency fund.

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

583 (d) The emergency fund shall be maintained in  
584 perpetuity for the purposes established in Sections 49-17-81  
585 through 49-17-89. Unexpended amounts remaining in the emergency  
586 fund at the end of a fiscal year shall not lapse into the State  
587 General Fund. Any interest earned on amounts in the emergency  
588 fund shall be deposited to the credit of the fund.

589 (2) The commission shall establish a loan program to assist  
590 political subdivisions in making emergency improvements such as  
591 repairs to or replacement of machinery, equipment, materials,

592 structures or devices in existing water pollution abatement  
593 projects or such other emergency water pollution abatement  
594 projects as the commission deems necessary. Loans from the  
595 emergency fund may be made to political subdivisions as set forth  
596 in a loan agreement in amounts not exceeding one hundred percent  
597 (100%) of eligible project costs as established by the commission.  
598 The commission may require local participation or funding from  
599 other sources, or otherwise limit the percentage of costs covered  
600 by loans from the emergency fund. The commission may establish a  
601 maximum amount for any loan not to exceed Three Hundred Fifty  
602 Thousand Dollars (\$350,000.00).

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

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

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

610 (ii) Periodic principal and interest payments will  
611 commence when required by the commission but not later than one  
612 (1) year after project completion and all loans will be fully  
613 amortized when required by the commission but not later than ten  
614 (10) years after project completion.

615 (iii) The recipient of a loan shall establish a  
616 dedicated source of revenue for repayment of loans. In addition,  
617 the commission may require any loan recipient to impose a per  
618 connection surcharge on each customer for repayment of any loan  
619 funds provided under this section.

620 (iv) The recipient of the loan is not in arrears  
621 in repayments to the Water Pollution Control Revolving Fund, the  
622 Water Pollution Control Emergency Loan Fund or under the Water  
623 Pollution Abatement Loan Program.

624 (b) To provide financial assistance to political  
625 subdivisions in making emergency improvements such as repairs to  
626 or replacement of machinery, equipment, materials, structures or  
627 devices in existing water pollution abatement projects or such  
628 other emergency water pollution abatement projects as the  
629 commission deems necessary.

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

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

636 (5) The fund will be credited with all payments of principal  
637 and interest derived from the fund uses described in subsection  
638 (3) of this section. However, notwithstanding any other provision  
639 of law to the contrary, all or any portion of payments of  
640 principal and interest derived from the fund uses described in  
641 subsection (3) of this section may be designated or pledged for  
642 repayment of a loan as provided for in Section 31-25-28 in  
643 connection with a loan from the Mississippi Development Bank.

644 (6) In addition to any amounts allowed under subsection  
645 (3)(c), the commission may establish and collect fees to further  
646 defray the reasonable costs of administering the emergency fund.  
647 Any administrative fees may be included in loan amounts to  
648 political subdivisions for the purpose of facilitating payment to  
649 the commission; fees may not exceed five percent (5%) of the loan  
650 amount. The commission may also use administrative fees collected  
651 pursuant to Section 49-17-85 to defray the reasonable costs of  
652 administering the emergency fund.

653 (7) The board may, on a case-by-case basis, renegotiate the  
654 payment of principal and interest on loans made under this section  
655 to the six (6) most southern counties of the state covered by the  
656 Presidential Declaration of Major Disaster for the State of

657 Mississippi (FEMA-1604-DR) dated August 29, 2005, and to political  
658 subdivisions located in such counties; however, the interest on  
659 the loans shall not be forgiven for a period of more than  
660 twenty-four (24) months and the maturity of the loans shall not be  
661 extended for a period of more than forty-eight (48) months.

662       **SECTION 6.** Section 57-1-303, Mississippi Code of 1972, is  
663 amended as follows:

664       57-1-303. (1) (a) (i) There is created a special fund in  
665 the State Treasury to be designated as the "Local Governments  
666 Capital Improvements Revolving Loan Fund," which fund shall  
667 consist of such monies as provided in Sections 57-1-307 through  
668 57-1-335. The fund shall be maintained in perpetuity for the  
669 purposes established in Sections 57-1-301 through 57-1-335.  
670 Unexpended amounts remaining in the fund at the end of a fiscal  
671 year shall not lapse into the State General Fund, and any interest  
672 earned on amounts in the fund shall be deposited to the credit of  
673 the fund. Monies in the fund may not be used or expended for any  
674 purpose except as authorized under Sections 57-1-301 through  
675 57-1-335.

676               (ii) Monies in the Local Governments Capital  
677 Improvements Revolving Loan Fund which are derived from interest  
678 on loan payments received by the Mississippi Development Authority  
679 after January 1, 2002, for loans funded with proceeds of bonds  
680 whose interest is not exempt from income taxation under the  
681 provisions of the Internal Revenue Code may be used by the  
682 Mississippi Development Authority for the ordinary and necessary  
683 general support of the Mississippi Development Authority.  
684 However, such monies may not be used for the purpose of providing  
685 salary increases for Mississippi Development Authority employees.  
686 The Mississippi Development Authority may escalate its budget and  
687 expend such monies in accordance with rules and regulations of the  
688 Department of Finance and Administration in a manner consistent

689 with the escalation of federal funds. This subparagraph (ii)  
690 shall be repealed from and after July 1, 2007.

691 (b) The Local Governments Capital Improvements  
692 Revolving Loan Fund shall be divided into the Taxable Local  
693 Governments Capital Improvements Revolving Loan Subaccount and the  
694 Nontaxable Local Governments Capital Improvements Revolving Loan  
695 Subaccount. Funds allocated to the Nontaxable Local Governments  
696 Capital Improvements Revolving Loan Subaccount shall be utilized  
697 to provide loans for capital improvements that would qualify for  
698 the issuance of bonds whose interest is exempt from income  
699 taxation under the provisions of the Internal Revenue Code. Funds  
700 allocated to the Taxable Local Governments Capital Improvements  
701 Revolving Loan Subaccount shall be utilized to provide loans for  
702 any eligible capital improvements, including, but not limited to,  
703 capital improvements that would qualify for the issuance of bonds  
704 whose interest is exempt from income taxation under the provisions  
705 of the Internal Revenue Code.

706 (c) Of the funds deposited into the Local Governments  
707 Capital Improvements Revolving Loan Fund, not less than  
708 Twenty-five Million Dollars (\$25,000,000.00) shall be allocated to  
709 the Nontaxable Local Governments Capital Improvements Revolving  
710 Loan Subaccount, and the remainder of such funds shall be  
711 allocated to the Taxable Local Governments Capital Improvements  
712 Revolving Loan Subaccount.

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

717 (3) (a) The Mississippi Development Authority shall  
718 establish a loan program by which loans, at the rate of interest  
719 provided for in paragraph (b) of this subsection, may be made  
720 available to counties and incorporated municipalities to assist  
721 counties and incorporated municipalities in making capital

722 improvements. Loans from the revolving fund may be made to  
723 counties and municipalities as set forth in a loan agreement in  
724 amounts not to exceed one hundred percent (100%) of eligible  
725 project costs as established by the Mississippi Development  
726 Authority. The Mississippi Development Authority may require  
727 county or municipal participation or funding from other sources,  
728 or otherwise limit the percentage of costs covered by loans from  
729 the revolving fund. The Mississippi Development Authority may  
730 establish a maximum amount for any loan in order to provide for  
731 broad and equitable participation in the program and loans for  
732 projects described in Section 57-1-301(1)(m) shall not exceed Two  
733 Hundred Fifty Thousand Dollars (\$250,000.00) per project.

734 (b) (i) Except as otherwise provided in this paragraph  
735 (b), the rate of interest on loans made from the Local Governments  
736 Capital Improvements Revolving Loan Fund for capital improvements  
737 that would qualify for the issuance of bonds whose interest is  
738 exempt from income taxation under the provisions of the Internal  
739 Revenue Code shall be at the rate of three percent (3%) per annum,  
740 calculated according to the actuarial method. The rate of  
741 interest on loans for all other capital improvements shall be at  
742 the true interest cost on the most recent issue of twenty-year  
743 state general obligation bonds occurring prior to the date such  
744 loan is made.

745 (ii) The rate of interest on loans made after  
746 April 9, 2002, from the Local Governments Capital Improvements  
747 Revolving Loan Fund for capital improvements that would qualify  
748 for the issuance of bonds whose interest is exempt from income  
749 taxation under the provisions of the Internal Revenue Code shall  
750 be at the rate of two percent (2%) per annum, calculated according  
751 to the actuarial method. The rate of interest on loans made after  
752 April 9, 2002, for all other capital improvements shall be at the  
753 rate of three percent (3%) per annum, calculated according to the  
754 actuarial method.

755                   (iii) Notwithstanding the provisions of this  
756 paragraph to the contrary, loans made for the purposes of the  
757 capital project described in Section 57-1-301(2)(1) shall bear no  
758 interest.

759           (4) A county that receives a loan from the revolving fund  
760 shall pledge for repayment of the loan any part of the homestead  
761 exemption annual tax loss reimbursement to which it may be  
762 entitled under Section 27-33-77. An incorporated municipality  
763 that receives a loan from the revolving fund shall pledge for  
764 repayment of the loan any part of the sales tax revenue  
765 distribution to which it may be entitled under Section 27-65-75.  
766 Each loan agreement shall provide for (i) monthly payments, (ii)  
767 semiannual payments, or (iii) other periodic payments, the annual  
768 total of which shall not exceed the annual total for any other  
769 year of the loan by more than fifteen percent (15%). The loan  
770 agreement shall provide for the repayment of all funds received  
771 within not more than twenty (20) years from the date of project  
772 completion.

773           (5) The State Auditor, upon request of the Mississippi  
774 Development Authority, shall audit the receipts and expenditures  
775 of a county or an incorporated municipality whose loan payments  
776 appear to be in arrears, and if he finds that the county or  
777 municipality is in arrears in such payments, he shall immediately  
778 notify the Executive Director of the Department of Finance and  
779 Administration who shall withhold all future payments to the  
780 county of homestead exemption reimbursements under Section  
781 27-33-77 and all sums allocated to the county or the municipality  
782 under Section 27-65-75 until such time as the county or the  
783 municipality is again current in its loan payments as certified by  
784 the Mississippi Development Authority.

785           (6) Evidences of indebtedness which are issued pursuant to  
786 this chapter shall not be deemed indebtedness within the meaning



787 specified in Section 21-33-303 with regard to cities or  
788 incorporated towns, and in Section 19-9-5 with regard to counties.

789 (7) There is created a special fund in the State Treasury to  
790 be designated as the "Local Governments Brownfields Redevelopment  
791 Grant Fund." The fund shall consist of those monies as provided  
792 in Section 57-1-307. The fund shall be maintained in perpetuity  
793 for the purposes established in this section. Unexpended amounts  
794 remaining in the fund at the end of the fiscal year shall not  
795 lapse into the State General Fund, and any interest earned on  
796 amounts in the fund shall be deposited to the credit of the fund.  
797 Monies in the fund may not be used or expended for any purpose  
798 except as authorized in this section.

799 (8) (a) The Mississippi Development Authority shall  
800 establish a local governments brownfields redevelopment grant  
801 program to provide funds to counties and incorporated  
802 municipalities for coordination of activities related to  
803 brownfields redevelopment. Activities eligible for funding under  
804 this program include identification of brownfield sites, site  
805 assessments that have been conducted in accordance with Sections  
806 49-35-1 through 49-35-25, and development of remedial action plans  
807 that have been conducted in accordance with Sections 49-35-1  
808 through 49-35-25. The implementation of remedial action plans or  
809 site remediation and post-remediation monitoring shall not be  
810 considered eligible activities. The authority shall provide  
811 grants to counties or incorporated municipalities, if the county  
812 or incorporated municipality demonstrates and the authority  
813 determines that following remediation the site will be directly  
814 associated with the creation or retention of jobs.

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

818 (c) Grant amounts shall not exceed seventy-five percent  
819 (75%) of the total project amount. The remaining twenty-five

820 percent (25%) shall be provided by the county or incorporated  
821 municipality as local matching funds.

822 (9) The Mississippi Development Authority may, on a  
823 case-by-case basis, renegotiate the payment of principal and  
824 interest on loans made under Sections 57-1-301 through 57-1-335 to  
825 the six (6) most southern counties of the state covered by the  
826 Presidential Declaration of Major Disaster for the State of  
827 Mississippi (FEMA-1604-DR) dated August 29, 2005, and to political  
828 subdivisions located in such counties; however, the interest on  
829 the loans shall not be forgiven for a period of more than  
830 twenty-four (24) months and the maturity of the loans shall not be  
831 extended for a period of more than forty-eight (48) months.

832 **SECTION 7.** Section 57-44-7, Mississippi Code of 1972, is  
833 amended as follows:

834 57-44-7. (1) There is created a special fund in the State  
835 Treasury to be designated as the "Local Governments Freight Rail  
836 Service Project Revolving Loan Fund," which fund shall consist of  
837 such monies as provided in Sections 57-44-11 through 57-44-39.  
838 The fund shall be maintained in perpetuity for the purposes  
839 established in this chapter. Unexpended amounts remaining in the  
840 fund at the end of a fiscal year shall not lapse into the State  
841 General Fund, and any interest earned on amounts in the fund shall  
842 be deposited to the credit of the fund. Monies in the fund may  
843 not be used or expended for any purpose except as authorized under  
844 this chapter. However, the Mississippi Development Authority, in  
845 order to promote the safety of the general public, shall establish  
846 a program to permit monies from the Local Governments Freight Rail  
847 Service Project Revolving Loan Fund to be provided to counties in  
848 the form of grants to assist counties in defraying expenses  
849 relating to the upgrading of railroad grade crossings. Only  
850 projects approved by the Mississippi Department of Transportation  
851 shall be eligible for such grants. The Mississippi Development  
852 Authority, by rule and regulation, shall establish the maximum

853 amount of any grant awarded to a county and may establish such  
854 other rules and regulations as it deems appropriate or necessary  
855 to administer the grant program and ensure that monies in the fund  
856 are made available to all counties on an equitable basis. Federal  
857 funds shall be utilized to pay not less than five percent (5%) of  
858 the cost of each project. However, the maximum amount of such  
859 grants to all counties may not exceed Eight Million Dollars  
860 (\$8,000,000.00), in the aggregate.

861 (2) The Mississippi Development Authority shall establish a  
862 loan program by which loans, at a rate of interest not to exceed  
863 one percent (1%) less than the federal reserve discount rate, may  
864 be made available to counties and incorporated municipalities to  
865 provide loans to counties and incorporated municipalities which  
866 may be used by the governing authorities of such counties and  
867 municipalities to provide loans to railroad corporations for  
868 freight rail service projects. Loans from the revolving fund may  
869 be made to counties and municipalities as set forth in a loan  
870 agreement in amounts established by the Mississippi Development  
871 Authority. The Mississippi Development Authority may establish a  
872 maximum amount for any loan in order to provide for broad and  
873 equitable participation in the program.

874 (3) A county that receives a loan from the revolving fund  
875 shall pledge for repayment of the loan any part of the homestead  
876 exemption annual tax loss reimbursement to which it may be  
877 entitled under Section 27-33-77. An incorporated municipality  
878 that receives a loan from the revolving fund shall pledge for  
879 repayment of the loan any part of the sales tax revenue  
880 distribution to which it may be entitled under Section 27-65-75.  
881 Each loan agreement shall provide for (a) monthly payments, (b)  
882 semiannual payments, or (c) other periodic payments, the annual  
883 total of which shall not exceed the annual total for any other  
884 year of the loan by more than fifteen percent (15%). The loan  
885 agreement shall provide for the repayment of all funds received

886 within not more than fifteen (15) years from the date of project  
887 completion.

888 (4) The State Auditor, upon request of the Mississippi  
889 Development Authority, shall audit the receipts and expenditures  
890 of a county or an incorporated municipality whose loan payments  
891 appear to be in arrears, and if he finds that the county or  
892 municipality is in arrears in such payments, he shall immediately  
893 notify the Executive Director of the Department of Finance and  
894 Administration who shall withhold all future payments to the  
895 county of homestead exemption reimbursements under Section  
896 27-33-77 and all sums allocated to the county or the municipality  
897 under Section 27-65-75 until such time as the county or the  
898 municipality is again current in its loan payments as certified by  
899 the Mississippi Development Authority.

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

904 (6) The Mississippi Development Authority may, on a  
905 case-by-case basis, renegotiate the payment of principal and  
906 interest on loans made under this chapter to the six (6) most  
907 southern counties of the state covered by the Presidential  
908 Declaration of Major Disaster for the State of Mississippi  
909 (FEMA-1604-DR) dated August 29, 2005, and to incorporated  
910 municipalities located in such counties; however, the interest on  
911 the loans shall not be forgiven for a period of more than  
912 twenty-four (24) months and the maturity of the loans shall not be  
913 extended for a period of more than forty-eight (48) months.

914 **SECTION 8.** Section 57-61-41, Mississippi Code of 1972, is  
915 amended as follows:

916 57-61-41. (1) Notwithstanding any provision of this chapter  
917 to the contrary, the Mississippi Development Authority shall  
918 utilize not more than Twelve Million Dollars (\$12,000,000.00) out

919 of the proceeds of bonds authorized to be issued in this chapter  
920 to be made available to state, county or municipal port and  
921 airport authorities through a Port Revitalization Revolving Loan  
922 Fund for the purpose of making loans to port authorities for the  
923 improvement of port and airport facilities to promote commerce and  
924 economic growth. Proceeds shall not be made available to provide  
925 any facilities for utilization by a gaming vessel.

926       (2) In exercising its authority, the Mississippi Development  
927 Authority shall work in conjunction with the Water Resources  
928 Council to establish criteria and guidelines to govern loans made  
929 pursuant to this section.

930       (3) The Mississippi Development Authority may, on a  
931 case-by-case basis, renegotiate the payment of principal and  
932 interest on loans made under this section to state, county and  
933 municipal port and airport authorities located in the six (6) most  
934 southern counties of the state covered by the Presidential  
935 Declaration of Major Disaster for the State of Mississippi  
936 (FEMA-1604-DR) dated August 29, 2005; however, the interest on the  
937 loans shall not be forgiven for a period of more than twenty-four  
938 (24) months and the maturity of the loans shall not be extended  
939 for a period of more than forty-eight (48) months.

940       **SECTION 9.** This act shall take effect and be in force from  
941 and after its passage.