

By: Senator(s) Robertson, Browning, Butler, Dearing, Harden, Jackson (11th), Jackson (32nd), Jordan, King, Lee (35th), Little, Simmons, Thomas, Walls To: Finance

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 2986

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

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

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

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

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

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

22 (d) "This act" means Sections 1 through 16 of this act.

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

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

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

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

59 **SECTION 4.** The bonds authorized by this act shall be signed
60 by the chairman of the commission, or by his facsimile signature,
61 and the official seal of the commission shall be affixed thereto,
62 attested by the secretary of the commission. The interest
63 coupons, if any, to be attached to such bonds may be executed by

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

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

83 **SECTION 6.** The commission shall act as the issuing agent for
84 the bonds authorized under this act, prescribe the form of the
85 bonds, advertise for and accept bids, issue and sell the bonds so
86 authorized to be sold, pay all fees and costs incurred in such
87 issuance and sale, and do any and all other things necessary and
88 advisable in connection with the issuance and sale of such bonds.
89 The commission is authorized and empowered to pay the costs that
90 are incident to the sale, issuance and delivery of the bonds
91 authorized under this act from the proceeds derived from the sale
92 of such bonds. The commission shall sell such bonds on sealed
93 bids at public sale, and for such price as it may determine to be
94 for the best interest of the State of Mississippi, but no such
95 sale shall be made at a price less than par plus accrued interest
96 to the date of delivery of the bonds to the purchaser. All

97 interest accruing on such bonds so issued shall be payable
98 semiannually or annually; however, the first interest payment may
99 be for any period of not more than one (1) year.

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

107 The commission, when issuing any bonds under the authority of
108 this act, may provide that bonds, at the option of the State of
109 Mississippi, may be called in for payment and redemption at the
110 call price named therein and accrued interest on such date or
111 dates named therein.

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

122 **SECTION 8.** Upon the issuance and sale of bonds under the
123 provisions of this act, the commission shall transfer the proceeds
124 of any such sale or sales to the Small Municipalities and Limited
125 Population Counties Fund created in Section 57-1-18. The proceeds
126 of such bonds shall be disbursed solely upon the order of the
127 Mississippi Development Authority under such restrictions, if any,
128 as may be contained in the resolution providing for the issuance
129 of the bonds.

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

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

147 **SECTION 11.** Any holder of bonds issued under the provisions
148 of this act or of any of the interest coupons pertaining thereto
149 may, either at law or in equity, by suit, action, mandamus or
150 other proceeding, protect and enforce any and all rights granted
151 under this act, or under such resolution, and may enforce and
152 compel performance of all duties required by this act to be
153 performed, in order to provide for the payment of bonds and
154 interest thereon.

155 **SECTION 12.** All bonds issued under the provisions of this
156 act shall be legal investments for trustees and other fiduciaries,
157 and for savings banks, trust companies and insurance companies
158 organized under the laws of the State of Mississippi, and such
159 bonds shall be legal securities which may be deposited with and
160 shall be received by all public officers and bodies of this state
161 and all municipalities and political subdivisions for the purpose
162 of securing the deposit of public funds.

163 **SECTION 13.** Bonds issued under the provisions of this act
164 and income therefrom shall be exempt from all taxation in the
165 State of Mississippi.

166 **SECTION 14.** The proceeds of the bonds issued under this act
167 shall be used solely for the purposes therein provided, including
168 the costs incident to the issuance and sale of such bonds.

169 **SECTION 15.** The State Treasurer is authorized, without
170 further process of law, to certify to the Department of Finance
171 and Administration the necessity for warrants, and the Department
172 of Finance and Administration is authorized and directed to issue
173 such warrants, in such amounts as may be necessary to pay when due
174 the principal of, premium, if any, and interest on, or the
175 accreted value of, all bonds issued under this act; and the State
176 Treasurer shall forward the necessary amount to the designated
177 place or places of payment of such bonds in ample time to
178 discharge such bonds, or the interest thereon, on the due dates
179 thereof.

180 **SECTION 16.** This act shall be deemed to be full and complete
181 authority for the exercise of the powers therein granted, but this
182 act shall not be deemed to repeal or to be in derogation of any
183 existing law of this state.

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

186 57-1-18. (1) For the purposes of this section, the
187 following terms shall have the meanings ascribed in this section
188 unless the context clearly indicates otherwise:

189 (a) "Limited population county" means a county in the
190 State of Mississippi with a population of thirty thousand (30,000)
191 or less according to the most recent federal decennial census at
192 the time the county submits its application to the MDA under this
193 section.

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

195 (c) "Project" means highways, streets and other
196 roadways, bridges, sidewalks, utilities, airfields, airports,
197 acquisition of equipment, acquisition of real property,
198 development of real property, improvements to real property, and
199 any other project approved by the MDA.

200 (d) "Small municipality" means a municipality in the
201 State of Mississippi with a population of ten thousand (10,000) or
202 less according to the most recent federal decennial census at the
203 time the municipality submits its application to the MDA under
204 this section.

205 (2) (a) There is hereby created in the State Treasury a
206 special fund to be designated as the "Small Municipalities and
207 Limited Population Counties Fund," which shall consist of funds
208 appropriated or otherwise made available by the Legislature in any
209 manner and funds from any other source designated for deposit into
210 such fund. Unexpended amounts remaining in the fund at the end of
211 a fiscal year shall not lapse into the State General Fund, and any
212 investment earnings or interest earned on amounts in the fund
213 shall be deposited to the credit of the fund. Monies in the fund
214 shall be used to make grants to small municipalities and limited
215 population counties or natural gas districts created by law and
216 contained therein to assist in completing projects under this
217 section.

218 (b) Monies in the fund which are derived from proceeds
219 of bonds issued under Sections 1 through 16 of Chapter 538, Laws
220 of 2002, Sections 1 through 16 of Chapter 508, Laws of 2003, * * *
221 Sections 55 through 70 of Chapter 1, Laws of 2004 Third
222 Extraordinary Session or Sections 1 through 16 of Senate Bill No.
223 2986, 2006 Regular Session, may be used to reimburse reasonable
224 actual and necessary costs incurred by the MDA in providing
225 assistance related to a project for which funding is provided
226 under this section from the use of proceeds of such bonds. An
227 accounting of actual costs incurred for which reimbursement is

228 sought shall be maintained for each project by the MDA.
229 Reimbursement of reasonable actual and necessary costs for a
230 project shall not exceed three percent (3%) of the proceeds of
231 bonds issued for such project. Monies authorized for a particular
232 project may not be used to reimburse administrative costs for
233 unrelated projects. Reimbursements under this subsection shall
234 satisfy any applicable federal tax law requirements.

235 (3) The MDA shall establish a grant program to make grants
236 to small municipalities and limited population counties from the
237 Small Municipalities and Limited Population Counties Fund. Grants
238 made under this section to a small municipality or a limited
239 population county shall not exceed Two Hundred Fifty Thousand
240 Dollars (\$250,000.00) during any grant period established by the
241 MDA. A small municipality or limited population county may apply
242 to the MDA for a grant under this section in the manner provided
243 for in this section.

244 (4) A small municipality or limited population county
245 desiring assistance under this section must submit an application
246 to the MDA. The application must include a description of the
247 project for which assistance is requested, the cost of the project
248 for which assistance is requested, the amount of assistance
249 requested and any other information required by the MDA.

250 (5) The MDA shall have all powers necessary to implement and
251 administer the program established under this section, and the
252 department shall promulgate rules and regulations, in accordance
253 with the Mississippi Administrative Procedures Law, necessary for
254 the implementation of this section.

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

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