

REPORT OF CONFERENCE COMMITTEE

MADAM PRESIDENT AND MR. SPEAKER:

We, the undersigned conferees, have had under consideration the amendments to the following entitled BILL:

S. B. No. 2947: State loan programs; authorize renegotiation of loans in 6 most southern counties.

We, therefore, respectfully submit the following report and recommendation:

1. That the House recede from its Amendment No. 1.
2. That the Senate and House adopt the following amendment:

Amend by striking all after the enacting clause and inserting in lieu thereof the following:

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

section and Sections 6 through 20 of Chapter 521, Laws of 1995. Any monies in the fund may be used to match any federal funds that are available for the same or related purposes for which funds are used and expended under this section and Sections 6 through 20 of Chapter 521, Laws of 1995. Any federal funds shall be used and expended only in accordance with federal laws, rules and regulations governing the expenditure of those funds. No person shall use any monies from the revolving fund for the acquisition of real property or any interest in real property unless that property is integral to the project funded under this section and the purchase is made from a willing seller. No county, incorporated municipality or district shall acquire any real property or any interest in any real property for a project funded through the revolving fund by condemnation. The board's application of Sections 43-37-1 through 43-37-13 shall be no more stringent or extensive in scope, coverage and effect than federal property acquisition laws and regulations.

(b) There is created a special fund in the State Treasury to be designated as the "Local Governments and Rural Water Systems Emergency Loan Fund," hereinafter referred to as "emergency fund," which fund shall consist of those monies as provided in Sections 6 and 13 of Chapter 521, Laws of 1995. The emergency fund may receive appropriations, bond proceeds, grants, gifts, donations or funds from any source, public or private. The emergency fund shall be credited with all repayments of principal and interest derived from loans made from the emergency fund. The monies in the emergency fund may be expended only in amounts appropriated by the Legislature. The emergency fund shall be maintained in perpetuity for the purposes established in this section and Section 6 of Chapter 521, Laws of 1995. Unexpended amounts remaining in the emergency fund at the end of a fiscal year shall not lapse into the State General Fund. Any interest

earned on amounts in the emergency fund shall be deposited to the credit of the fund. Monies in the emergency fund may not be used or expended for any purpose except as authorized under this section and Section 6 of Chapter 521, Laws of 1995.

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

Declaration of Major Disaster for the State of Mississippi
(FEMA-1604-DR) dated August 29, 2005, and to incorporated
municipalities, districts or other water organizations located in
such counties; however, the interest on the loans shall not be
forgiven for a period of more than twenty-four (24) months and the
maturity of the loans shall not be extended for a period of more
than forty-eight (48) months.

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

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

(2) When bonds shall have been issued by the State of
Mississippi to generate funds to be used for loans to be made
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

department. The grants fund shall be maintained in perpetuity for the purposes established in this section. Any interest earned on monies in the grants fund shall be credited to that fund.

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

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

(5) The commission shall establish a hardship grants program for rural communities, which shall commence after July 1, 1997, to assist severely economically disadvantaged small rural political subdivisions in the construction of water pollution control projects. The commission may receive and administer state or 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

other provision of law to the contrary, all or any portion of payments of principal and interest derived from the fund uses described in subsection (7) of this section may be designated or pledged for repayment of a loan as provided for in Section 31-25-28 in connection with a loan from the Mississippi Development Bank.

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

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

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

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

(b) The emergency fund may receive appropriations, bond proceeds, grants, gifts, donations or funds from any source, 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

municipalities for coordination of activities related to brownfields redevelopment. Activities eligible for funding under this program include identification of brownfield sites, site assessments that have been conducted in accordance with Sections 49-35-1 through 49-35-25, and development of remedial action plans that have been conducted in accordance with Sections 49-35-1 through 49-35-25. The implementation of remedial action plans or site remediation and post-remediation monitoring shall not be considered eligible activities. The authority shall provide grants to counties or incorporated municipalities, if the county or incorporated municipality demonstrates and the authority determines that following remediation the site will be directly associated with the creation or retention of jobs.

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

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

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

SECTION 7. Section 57-44-7, Mississippi Code of 1972, is 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.

**Further, amend by striking the title in its entirety and
inserting in lieu thereof the following:**

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.

CONFEREES FOR THE SENATE	CONFEREES FOR THE HOUSE
X (SIGNED)	X (SIGNED)
Robertson	Franks
X (SIGNED)	X (SIGNED)
Hewes	Dedeaux
X (SIGNED)	X (SIGNED)
Dawkins	Calhoun