

House Amendments to Senate Bill No. 2947

TO THE SECRETARY OF THE SENATE:

THIS IS TO INFORM YOU THAT THE HOUSE HAS ADOPTED THE AMENDMENTS SET OUT BELOW:

AMENDMENT NO. 1

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
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%). The loan agreement shall
192 provide for the repayment of all funds received from the revolving
193 fund within not more than fifteen (15) years or a term as
194 otherwise allowed by the federal Safe Drinking Water Act, and all
195 funds received from the emergency fund within not more than five
196 (5) years or a term as otherwise allowed by Section 41-3-16(4)
197 from the date of project completion, and any repayment shall
198 commence not later than one (1) year after project completion.
199 The State Tax Commission shall withhold semiannually from counties
200 and monthly from incorporated municipalities from the amount to be
201 remitted to the county or municipality, a sum equal to the next
202 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. Any political subdivision desiring to construct a
337 waste disposal plant approved by the Office of Pollution Control
338 of the Department of Environmental Quality, and which receives a
339 loan from the state for said purpose, shall pledge for the
340 repayment of such loan that part of the sales tax reimbursement to
341 which it is entitled under Section 27-65-75 as may be required to
342 meet a repayment schedule adopted by the State Tax Commission.
343 The repayment schedule shall provide for monthly payments, the
344 largest of which shall not exceed the average monthly payment for
345 the term of years of the contract by more than fifteen percent
346 (15%). Said repayment schedule shall provide for the repayment of
347 all funds received within not more than twenty (20) years from the
348 date said loan is actually received by said political subdivision.
349 The State Tax Commission may, on a case-by-case basis, renegotiate
350 the payment of principal on loans made under this section to
351 political subdivisions located in the six (6) most southern
352 counties of the state covered by the Presidential Declaration of
353 Major Disaster for the State of Mississippi (FEMA-1604-DR) dated
354 August 29, 2005; however, the maturity of the loans shall not be
355 extended for a period of more than forty-eight (48) months. The
356 State Tax Commission shall withhold monthly from the amount to be

357 remitted to a political subdivision, a sum equal to the next
358 monthly payment.

359 When bonds shall have been issued by the State of Mississippi
360 to generate funds to be used for loans to be made under the
361 provisions of Section 49-17-61, all payments made in repayment
362 under this section shall be deposited into the Water Pollution
363 Abatement Bond Fund established under the provisions of Section
364 49-17-61 so long as any such bonds shall be outstanding and
365 unpaid.

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

369 When no such bonds shall be outstanding and unpaid, such
370 payments shall be deposited in the loan fund.

371 Funds on deposit in the loan fund may be used to make loans
372 in aid of construction for water pollution abatement upon
373 appropriation by the Legislature.

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

376 49-17-69. Any political subdivision desiring to construct a
377 waste disposal plant approved by the Office of Pollution Control
378 of the Department of Environmental Quality and which receives a
379 loan from the state for that purpose but which is not eligible to
380 pledge for repayment under the provisions of Sections 49-17-65 and
381 49-17-67, shall repay such loan by making payments each month to
382 the State Treasurer through the Department of Environmental
383 Quality according to the provisions of Section 7-7-15, to be
384 credited to the appropriate fund in lieu of pledging sales tax
385 reimbursements.

386 The repayment shall be according to a schedule prepared by
387 the State Tax Commission in the same manner as such schedules are
388 prepared for the state's other political subdivisions. The
389 repayment schedule shall provide for monthly payments, the largest
390 of which shall not exceed the average monthly payment for the term
391 of years of the contract by more than fifteen percent (15%). The

392 repayment schedule shall provide for the repayment of all funds
393 received within no more than twenty (20) years from the date the
394 loan is actually received by the political subdivision. The State
395 Tax Commission may, on a case-by-case basis, renegotiate the
396 payment of principal on loans made under this section to political
397 subdivisions located in the six (6) most southern counties of the
398 state covered by the Presidential Declaration of Major Disaster
399 for the State of Mississippi (FEMA-1604-DR) dated August 29, 2005;
400 however, the maturity of the loans shall not be extended for a
401 period of more than forty-eight (48) months. The political
402 subdivision shall remit its monthly payment by the twentieth of
403 the month to the Department of Environmental Quality and such
404 payments shall be made prior to the payments of principal or
405 interest on any bonds issued by the political subdivision in
406 connection with the project or projects to which the pollution
407 abatement loans are made.

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

418 The repayment schedule hereinabove provided for shall not be
419 construed to prohibit any recipient from prepaying any part or all
420 of the funds received.

421 When bonds shall have been issued by the State of Mississippi
422 to generate funds to be used for loans to be made under the
423 provisions of Section 49-17-61, all payments made in repayment
424 under this section shall be deposited into the Water Pollution
425 Abatement Bond Fund established under the provisions of Section

426 49-17-61 so long as any such bonds shall be outstanding and
427 unpaid.

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

431 When no such bonds shall be outstanding and unpaid, such
432 payments shall be deposited in the loan fund.

433 Funds on deposit in the loan fund may be used to make loans
434 in aid of construction for water pollution abatement upon
435 appropriation by the Legislature.

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

438 49-17-85. (1) There is established in the State Treasury a
439 fund to be known as the "Water Pollution Control Revolving Fund"
440 which shall be administered by the commission acting through the
441 department. The revolving fund may receive bond proceeds and
442 funds appropriated or otherwise made available by the Legislature
443 in any manner and funds from any other source, public or private.
444 The revolving fund shall be maintained in perpetuity for the
445 purposes established in this section.

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

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

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

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

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

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

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

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

492 (i) The loans are made at or below market interest
493 rates, at terms not to exceed the maximum time allowed by federal
494 law after project completion; the interest rate and term may vary

495 from time to time and from loan to loan at the discretion of the
496 commission;

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

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

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

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

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

514 (e) To earn interest on fund accounts;

515 (f) To establish nonpoint source pollution control
516 management programs;

517 (g) To establish estuary conservation and management
518 programs;

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

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

528 (8) The hardship grants program shall be used only to
529 provide hardship grants consistent with the federal hardship

530 grants program for rural communities, regulations and guidance
531 issued by the United States Environmental Protection Agency,
532 subsections (3) and (5) of this section and regulations
533 promulgated and guidance issued by the commission under this
534 section.

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

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

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

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

558 (13) The commission may, on a case-by-case basis and to the
559 extent allowed by federal law, renegotiate the payment of
560 principal and interest on loans made under this section to the six
561 (6) most southern counties of the state covered by the
562 Presidential Declaration of Major Disaster for the State of
563 Mississippi (FEMA-1604-DR) dated August 29, 2005, and to political
564 subdivisions located in such counties; however, the interest on

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

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

570 49-17-86. (1) (a) There is created a fund in the State
571 Treasury to be designated as the "Water Pollution Control
572 Emergency Loan Fund" hereinafter referred to as "emergency fund."

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

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

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

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

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

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

603 (i) Loans are made at or below market interest
604 rates, at terms not to exceed ten (10) years or a term as
605 otherwise allowed by Section 49-17-86(7) after project completion;
606 the interest rate may vary from time to time and from loan to loan
607 at the discretion of the commission.

608 (ii) Periodic principal and interest payments will
609 commence when required by the commission but not later than one
610 (1) year after project completion and all loans will be fully
611 amortized when required by the commission but not later than ten
612 (10) years or a term as otherwise allowed by Section 49-17-86(7)
613 after project completion.

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

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

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

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

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

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

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

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

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

663 57-1-303. (1) (a) (i) There is created a special fund in
664 the State Treasury to be designated as the "Local Governments
665 Capital Improvements Revolving Loan Fund," which fund shall
666 consist of such monies as provided in Sections 57-1-307 through
667 57-1-335. The fund shall be maintained in perpetuity for the
668 purposes established in Sections 57-1-301 through 57-1-335.
669 Unexpended amounts remaining in the fund at the end of a fiscal

670 year shall not lapse into the State General Fund, and any interest
671 earned on amounts in the fund shall be deposited to the credit of
672 the fund. Monies in the fund may not be used or expended for any
673 purpose except as authorized under Sections 57-1-301 through
674 57-1-335.

675 (ii) Monies in the Local Governments Capital
676 Improvements Revolving Loan Fund which are derived from interest
677 on loan payments received by the Mississippi Development Authority
678 after January 1, 2002, for loans funded with proceeds of bonds
679 whose interest is not exempt from income taxation under the
680 provisions of the Internal Revenue Code may be used by the
681 Mississippi Development Authority for the ordinary and necessary
682 general support of the Mississippi Development Authority.
683 However, such monies may not be used for the purpose of providing
684 salary increases for Mississippi Development Authority employees.
685 The Mississippi Development Authority may escalate its budget and
686 expend such monies in accordance with rules and regulations of the
687 Department of Finance and Administration in a manner consistent
688 with the escalation of federal funds. This subparagraph (ii)
689 shall be repealed from and after July 1, 2007.

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

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

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

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

733 (b) (i) Except as otherwise provided in this paragraph
734 (b), the rate of interest on loans made from the Local Governments
735 Capital Improvements Revolving Loan Fund for capital improvements
736 that would qualify for the issuance of bonds whose interest is
737 exempt from income taxation under the provisions of the Internal
738 Revenue Code shall be at the rate of three percent (3%) per annum,
739 calculated according to the actuarial method. The rate of

740 interest on loans for all other capital improvements shall be at
741 the true interest cost on the most recent issue of twenty-year
742 state general obligation bonds occurring prior to the date such
743 loan is made.

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

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

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

772 (5) The State Auditor, upon request of the Mississippi
773 Development Authority, shall audit the receipts and expenditures
774 of a county or an incorporated municipality whose loan payments

775 appear to be in arrears, and if he finds that the county or
776 municipality is in arrears in such payments, he shall immediately
777 notify the Executive Director of the Department of Finance and
778 Administration who shall withhold all future payments to the
779 county of homestead exemption reimbursements under Section
780 27-33-77 and all sums allocated to the county or the municipality
781 under Section 27-65-75 until such time as the county or the
782 municipality is again current in its loan payments as certified by
783 the Mississippi Development Authority.

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

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

798 (8) (a) The Mississippi Development Authority shall
799 establish a local governments brownfields redevelopment grant
800 program to provide funds to counties and incorporated
801 municipalities for coordination of activities related to
802 brownfields redevelopment. Activities eligible for funding under
803 this program include identification of brownfield sites, site
804 assessments that have been conducted in accordance with Sections
805 49-35-1 through 49-35-25, and development of remedial action plans
806 that have been conducted in accordance with Sections 49-35-1
807 through 49-35-25. The implementation of remedial action plans or
808 site remediation and post-remediation monitoring shall not be
809 considered eligible activities. The authority shall provide

810 grants to counties or incorporated municipalities, if the county
811 or incorporated municipality demonstrates and the authority
812 determines that following remediation the site will be directly
813 associated with the creation or retention of jobs.

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

817 (c) Grant amounts shall not exceed seventy-five percent
818 (75%) of the total project amount. The remaining twenty-five
819 percent (25%) shall be provided by the county or incorporated
820 municipality as local matching funds.

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

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

833 57-44-7. (1) There is created a special fund in the State
834 Treasury to be designated as the "Local Governments Freight Rail
835 Service Project Revolving Loan Fund," which fund shall consist of
836 such monies as provided in Sections 57-44-11 through 57-44-39.
837 The fund shall be maintained in perpetuity for the purposes
838 established in this chapter. Unexpended amounts remaining in the
839 fund at the end of a fiscal year shall not lapse into the State
840 General Fund, and any interest earned on amounts in the fund shall
841 be deposited to the credit of the fund. Monies in the fund may
842 not be used or expended for any purpose except as authorized under
843 this chapter. However, the Mississippi Development Authority, in
844 order to promote the safety of the general public, shall establish

845 a program to permit monies from the Local Governments Freight Rail
846 Service Project Revolving Loan Fund to be provided to counties in
847 the form of grants to assist counties in defraying expenses
848 relating to the upgrading of railroad grade crossings. Only
849 projects approved by the Mississippi Department of Transportation
850 shall be eligible for such grants. The Mississippi Development
851 Authority, by rule and regulation, shall establish the maximum
852 amount of any grant awarded to a county and may establish such
853 other rules and regulations as it deems appropriate or necessary
854 to administer the grant program and ensure that monies in the fund
855 are made available to all counties on an equitable basis. Federal
856 funds shall be utilized to pay not less than five percent (5%) of
857 the cost of each project. However, the maximum amount of such
858 grants to all counties may not exceed Eight Million Dollars
859 (\$8,000,000.00), in the aggregate.

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

873 (3) A county that receives a loan from the revolving fund
874 shall pledge for repayment of the loan any part of the homestead
875 exemption annual tax loss reimbursement to which it may be
876 entitled under Section 27-33-77. An incorporated municipality
877 that receives a loan from the revolving fund shall pledge for
878 repayment of the loan any part of the sales tax revenue
879 distribution to which it may be entitled under Section 27-65-75.

880 Each loan agreement shall provide for (a) monthly payments, (b)
881 semiannual payments, or (c) other periodic payments, the annual
882 total of which shall not exceed the annual total for any other
883 year of the loan by more than fifteen percent (15%). The loan
884 agreement shall provide for the repayment of all funds received
885 within not more than fifteen (15) years from the date of project
886 completion.

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

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

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

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

915 57-61-41. (1) Notwithstanding any provision of this chapter
916 to the contrary, the Mississippi Development Authority shall
917 utilize not more than Twelve Million Dollars (\$12,000,000.00) out
918 of the proceeds of bonds authorized to be issued in this chapter
919 to be made available to state, county or municipal port and
920 airport authorities through a Port Revitalization Revolving Loan
921 Fund for the purpose of making loans to port authorities for the
922 improvement of port and airport facilities to promote commerce and
923 economic growth. Proceeds shall not be made available to provide
924 any facilities for utilization by a gaming vessel.

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

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

939 **SECTION 9.** This act shall take effect and be in force from
940 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 CONTROL
6 REVOLVING FUND, THE WATER POLLUTION CONTROL EMERGENCY LOAN FUND,
7 THE LOCAL GOVERNMENTS CAPITAL IMPROVEMENTS REVOLVING LOAN FUND,
8 THE LOCAL GOVERNMENTS FREIGHT RAIL SERVICE PROJECT REVOLVING LOAN
9 FUND AND THE PORT REVITALIZATION REVOLVING LOAN FUND, TO THE SIX
10 MOST SOUTHERN COUNTIES OF THE STATE COVERED BY THE PRESIDENTIAL
11 DECLARATION OF MAJOR DISASTER FOR THE STATE OF MISSISSIPPI
12 (FEMA-1604-DR) DATED AUGUST 29, 2005, AND TO POLITICAL

13 SUBDIVISIONS AND CERTAIN OTHER ENTITIES LOCATED IN SUCH COUNTIES;
14 TO PROVIDE THAT THE INTEREST ON THE LOANS SHALL NOT BE FORGIVEN
15 FOR A PERIOD OF MORE THAN 24 MONTHS AND THE MATURITY OF THE LOANS
16 SHALL NOT BE EXTENDED FOR A PERIOD OF MORE THAN 48 MONTHS; AND FOR
17 RELATED PURPOSES.

HR40\SB2947A.J

Don Richardson
Clerk of the House of Representatives