

By: Representatives Watson,  
Compretta

To: Ways and Means;  
Appropriations

HOUSE BILL NO. 5

1 AN ACT TO AMEND SECTION 27-107-321, MISSISSIPPI CODE OF 1972,  
2 TO AUTHORIZE THE DEPARTMENT OF FINANCE AND ADMINISTRATION TO MAKE  
3 GRANTS TO LOCAL GOVERNMENTS FROM THE EMERGENCY AID TO LOCAL  
4 GOVERNMENTS FUND; TO PROVIDE THAT INTEREST EARNED OR INVESTMENT  
5 EARNINGS ON AMOUNTS IN THE FUND SHALL BE DEPOSITED TO THE CREDIT  
6 OF THE FUND AND TO PROVIDE THAT GRANTS FROM THE FUND MAY NOT  
7 EXCEED \$3,000,000.00 AND THAT THE TOTAL AGGREGATE AMOUNT OF ALL  
8 GRANTS SHALL NOT EXCEED \$25,000,000.00; AND FOR RELATED PURPOSES.

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

10 **SECTION 1.** Section 27-107-321, Mississippi Code of 1972, is  
11 amended as follows:

12 27-107-321. (1) (a) There is established an emergency aid  
13 to local governments loan and grant program to be administered by  
14 the Department of Finance and Administration, referred to in this  
15 section as "department," for the purpose of assisting counties,  
16 incorporated municipalities and public school districts that  
17 suffer revenue losses as a result of a natural disaster for which  
18 a state of emergency has been duly proclaimed. Loan and grant  
19 proceeds distributed to counties, incorporated municipalities and  
20 public school districts shall be considered to be, and shall be  
21 utilized by recipient in the same manner as, governmental,  
22 enterprise or internal service fund type revenues, specifically  
23 for essential government services, including the payment of debt  
24 service.

25 (b) The department may contract for facilities and  
26 staff needed to administer this section, including routine  
27 management, as it deems necessary. The department may advertise  
28 for or solicit proposals from public or private sources, or both,  
29 for administration of this section or any services required for  
30 administration of this section or any portion thereof. It is the

31 intent of the Legislature that the department endeavor to ensure  
32 that the costs of administration of this section are as low as  
33 possible.

34 (2) (a) There is created a special fund in the State  
35 Treasury to be designated as the "Emergency Aid to Local  
36 Governments Fund," referred to in this section as "fund," which  
37 fund shall consist of money transferred from the Disaster Recovery  
38 Fund created in Section 31-17-123 and money designated for deposit  
39 therein from any other source, public or private, including, but  
40 not limited to, appropriations, bond proceeds, grants, gifts or  
41 donations. The fund shall be credited with all repayments of  
42 principal and interest derived from loans made from the fund.  
43 Unexpended amounts remaining in the fund at the end of a fiscal  
44 year shall not lapse into the State General Fund, and any interest  
45 earned or investment earnings on amounts in the fund shall be  
46 deposited to the credit of the Emergency Aid to Local Governments  
47 Fund. Monies in the fund may not be used or expended for any  
48 purpose except as authorized under this section.

49 (b) The department shall establish a loan and grant  
50 program by which loans and grants may be made available to  
51 counties, incorporated municipalities and public school districts,  
52 to assist those counties, incorporated municipalities and public  
53 school districts. Any governmental entity in the current fiscal  
54 year that demonstrates a projected revenue loss equal to or  
55 exceeding twenty-five percent (25%) of its governmental fund type  
56 revenues in the fiscal year prior to the occurrence of the natural  
57 disaster eligible under this section may qualify for a loan and/or  
58 grant. The interest rate on loans made under this section may  
59 vary from time to time and from loan to loan, and shall be at or  
60 below market interest rates as determined by the department. The  
61 department shall act as quickly as is practicable and prudent in  
62 deciding on any loan or grant request that it receives. No loan  
63 or grant shall be approved under this section unless the county,

64 municipality or public school district requesting the loan or  
65 grant has exhausted all other available public or private programs  
66 to obtain funds for the revenue loss that it is projected to  
67 suffer. Such public or private programs shall include, but not be  
68 limited to, loans, grants and donations.

69 (c) The aggregate amount of any loans or grants  
70 received under this section by a county, incorporated municipality  
71 or public school district shall not exceed one hundred percent  
72 (100%) of the difference between the revenue received by a county,  
73 incorporated municipality or public school district from  
74 governmental fund type revenues that are used to fund essential  
75 services in the fiscal year prior to the occurrence of the natural  
76 disaster and the estimated revenue from such sources after the  
77 occurrence of the natural disaster plus available cash reserves or  
78 fund balances at the fiscal year end, as determined by the  
79 department. The State Bond Commission shall set the maximum  
80 amount of any loan or grant made under this section at an amount  
81 that will ensure the equitable distribution of the amounts  
82 available for loans and grants to the eligible governmental  
83 entities affected by the natural disaster, but in no event shall a  
84 grant exceed Three Million Dollars (\$3,000,000.00) or the total  
85 aggregate amount of all grants exceed Twenty-five Million Dollars  
86 (\$25,000,000.00).

87 (d) A county or public school district that receives a  
88 loan from the fund shall pledge for repayment of the loan any part  
89 of the homestead exemption annual tax loss reimbursement to which  
90 it may be entitled under Section 27-33-77, as may be required by  
91 the department. An incorporated municipality that receives a loan  
92 from the fund or the emergency fund shall pledge for repayment of  
93 the loan any part of the sales tax revenue distribution to which  
94 it may be entitled under Section 27-65-75 or any part of the  
95 homestead exemption annual tax loss reimbursement to which it may  
96 be entitled under Section 27-33-77, as may be required by the

97 department. All recipients of such loans shall establish a  
98 dedicated source of revenue for repayment of the loan. Before any  
99 county, incorporated municipality or public school district shall  
100 receive any loan, it shall have executed with the department a  
101 loan agreement evidencing that loan, a copy of which shall be  
102 filed by the department with the State Tax Commission. The loan  
103 agreement shall not be construed to prohibit any recipient from  
104 prepaying any part or all of the funds received. The repayment  
105 schedule in each loan agreement shall provide for (i) monthly  
106 payments, (ii) semiannual payments or (iii) other periodic  
107 payments. The loan agreement shall provide for the repayment of  
108 all funds received from the fund within not more than three (3)  
109 years. The State Tax Commission shall, at the direction of the  
110 department, withhold semiannually from counties, incorporated  
111 municipalities and public school districts and monthly from  
112 incorporated municipalities, from the amount to be remitted to the  
113 county, municipality or public school district, the sum necessary  
114 to pay all or a portion of the periodic payments for the loan.

115 (e) Any county, incorporated municipality or public  
116 school district which receives a loan from the state for that  
117 purpose but which is not eligible to pledge for repayment under  
118 the provisions of paragraph (d) of this subsection, shall repay  
119 that loan by making payments each month to the State Treasurer  
120 through the Department of Finance and Administration for and on  
121 behalf of the department according to Section 7-7-15, to be  
122 credited to the fund in lieu of pledging homestead exemption  
123 annual tax loss reimbursement or sales tax revenue distribution.

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

127 (f) Evidences of indebtedness which are issued pursuant  
128 to this section shall not be deemed indebtedness within the  
129 meaning specified in Section 21-33-303 with regard to cities and

130 incorporated towns, in Section 19-9-5 with regard to counties and  
131 in Section 37-59-5 with regard to public school districts.

132 (g) The State Auditor, upon request of the department,  
133 shall audit the receipts and expenditures of a county, an  
134 incorporated municipality or a public school district if loan  
135 repayments appear to be in arrears, and if the Auditor finds that  
136 the county, incorporated municipality or public school district is  
137 in arrears in those repayments, the Auditor shall immediately  
138 notify the executive director of the department who may take any  
139 action as may be necessary to enforce the terms of the loan  
140 agreement, including liquidation and enforcement of the security  
141 given for repayment of the loan, and the executive director of the  
142 department may, in his discretion, notify the State Tax Commission  
143 to withhold all future payments to the county, incorporated  
144 municipality or school district of homestead exemption annual tax  
145 loss reimbursements under Section 27-33-77 and/or all sums  
146 allocated to the incorporated municipality under Section 27-65-75,  
147 until such time as the county, incorporated municipality or public  
148 school district is again current in its loan repayments as  
149 certified by the department.

150 (h) All monies deposited in the fund shall be used only  
151 for providing the loans and grants authorized under this section.  
152 In addition, any amounts in the fund may be used to defray the  
153 reasonable costs of administering the fund. The department is  
154 authorized to use amounts available to it from the fund to  
155 contract for those facilities and staff needed to administer and  
156 provide routine management for the funds and loan program.

157 (3) In administering this section the department shall have  
158 the following powers and duties:

159 (a) To supervise the use of all funds made available  
160 under this section;

161 (b) To promulgate rules and regulations, to make  
162 variances and exceptions thereto, and to establish procedures in

163 accordance with this section for the implementation of the loan  
164 and grant program;

165 (c) To requisition monies in the fund and distribute  
166 those monies in accordance with this section;

167 (d) To maintain, in accordance with generally accepted  
168 government accounting standards, an accurate record of all monies  
169 in the fund made available to counties, incorporated  
170 municipalities and public school districts under this section;

171 (e) To file annually with the Legislature a report  
172 detailing how monies in the fund were distributed during the  
173 preceding fiscal year to each county, incorporated municipality  
174 and public school district.

175 (4) The State Bond Commission, at one time, or from time to  
176 time, may declare the necessity for funds for the purposes  
177 provided in this section, including the costs incident to the  
178 administration of the loan and grant program. Upon approval by  
179 the State Bond Commission, the department is authorized to  
180 transfer any necessary amount from the Disaster Recovery Fund  
181 created in Section 31-17-123 to the fund in ample time to  
182 discharge such loans, grants and incidental costs.

183 (5) The department is authorized, without further process of  
184 law, to certify the necessity for warrants and is authorized and  
185 directed to issue such warrants, in such amounts as may be  
186 necessary to make loans and grants under the program authorized by  
187 this section.

188 (6) After any state funds in the fund are no longer needed  
189 for the particular purpose for which they were appropriated,  
190 deposited or transferred into the fund, the department shall  
191 transfer those state funds back to the particular fund or funds in  
192 the State Treasury from which they were appropriated or  
193 transferred into the fund, upon certification of the State Fiscal  
194 Officer that the state funds are not currently needed.

195           **SECTION 2.** This act shall take effect and be in force from  
196 and after its passage.