

By: Representatives Watson,  
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To: Ways and Means;  
Appropriations

COMMITTEE SUBSTITUTE  
FOR  
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; TO REQUIRE NOTICE TO BE  
9 GIVEN TO CERTAIN MEMBERS OF THE LEGISLATURE BEFORE A PUBLIC  
10 CEREMONY TO ANNOUNCE THE AWARD OF A GRANT UNDER THIS ACT; TO  
11 REQUIRE THAT CERTAIN DOCUMENTS PREPARED IN CONNECTION WITH A GRANT  
12 MADE UNDER THIS ACT CONTAIN LANGUAGE THAT THE GRANT FUNDS WERE  
13 MADE AVAILABLE BY THE LEGISLATURE; AND FOR RELATED PURPOSES.

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

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

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

30 (b) The department may contract for facilities and  
31 staff needed to administer this section, including routine  
32 management, as it deems necessary. The department may advertise

33 for or solicit proposals from public or private sources, or both,  
34 for administration of this section or any services required for  
35 administration of this section or any portion thereof. It is the  
36 intent of the Legislature that the department endeavor to ensure  
37 that the costs of administration of this section are as low as  
38 possible.

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

54 (b) The department shall establish a loan and grant  
55 program by which loans and grants may be made available to  
56 counties, incorporated municipalities and public school districts,  
57 to assist those counties, incorporated municipalities and public  
58 school districts. Any governmental entity in the current fiscal  
59 year that demonstrates a projected revenue loss equal to or  
60 exceeding twenty-five percent (25%) of its governmental fund type  
61 revenues in the fiscal year prior to the occurrence of the natural  
62 disaster eligible under this section may qualify for a loan and/or  
63 grant. The interest rate on loans made under this section may  
64 vary from time to time and from loan to loan, and shall be at or  
65 below market interest rates as determined by the department. The

66 department shall act as quickly as is practicable and prudent in  
67 deciding on any loan or grant request that it receives. No loan  
68 or grant shall be approved under this section unless the county,  
69 municipality or public school district requesting the loan or  
70 grant has exhausted all other available public or private programs  
71 to obtain funds for the revenue loss that it is projected to  
72 suffer. Such public or private programs shall include, but not be  
73 limited to, loans, grants and donations.

74 (c) The aggregate amount of any loans or grants  
75 received under this section by a county, incorporated municipality  
76 or public school district shall not exceed one hundred percent  
77 (100%) of the difference between the revenue received by a county,  
78 incorporated municipality or public school district from  
79 governmental fund type revenues that are used to fund essential  
80 services in the fiscal year prior to the occurrence of the natural  
81 disaster and the estimated revenue from such sources after the  
82 occurrence of the natural disaster plus available cash reserves or  
83 fund balances at the fiscal year end, as determined by the  
84 department. The State Bond Commission shall set the maximum  
85 amount of any loan or grant made under this section at an amount  
86 that will ensure the equitable distribution of the amounts  
87 available for loans and grants to the eligible governmental  
88 entities affected by the natural disaster, but in no event shall a  
89 grant exceed Three Million Dollars (\$3,000,000.00) or the total  
90 aggregate amount of all grants exceed Twenty-five Million Dollars  
91 (\$25,000,000.00).

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

99 it may be entitled under Section 27-65-75 or any part of the  
100 homestead exemption annual tax loss reimbursement to which it may  
101 be entitled under Section 27-33-77, as may be required by the  
102 department. All recipients of such loans shall establish a  
103 dedicated source of revenue for repayment of the loan. Before any  
104 county, incorporated municipality or public school district shall  
105 receive any loan, it shall have executed with the department a  
106 loan agreement evidencing that loan, a copy of which shall be  
107 filed by the department with the State Tax Commission. The loan  
108 agreement shall not be construed to prohibit any recipient from  
109 prepaying any part or all of the funds received. The repayment  
110 schedule in each loan agreement shall provide for (i) monthly  
111 payments, (ii) semiannual payments or (iii) other periodic  
112 payments. The loan agreement shall provide for the repayment of  
113 all funds received from the fund within not more than three (3)  
114 years. The State Tax Commission shall, at the direction of the  
115 department, withhold semiannually from counties, incorporated  
116 municipalities and public school districts and monthly from  
117 incorporated municipalities, from the amount to be remitted to the  
118 county, municipality or public school district, the sum necessary  
119 to pay all or a portion of the periodic payments for the loan.

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

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

132           (f) Evidences of indebtedness which are issued pursuant  
133 to this section shall not be deemed indebtedness within the  
134 meaning specified in Section 21-33-303 with regard to cities and  
135 incorporated towns, in Section 19-9-5 with regard to counties and  
136 in Section 37-59-5 with regard to public school districts.

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

155           (h) All monies deposited in the fund shall be used only  
156 for providing the loans and grants authorized under this section.  
157 In addition, any amounts in the fund may be used to defray the  
158 reasonable costs of administering the fund; however, no monies in  
159 the fund which are to be used for grant purposes may be used to  
160 defray any costs of administering the fund or program. The  
161 department is authorized to use amounts available to it from the  
162 fund to contract for those facilities and staff needed to  
163 administer and provide routine management for the funds and loan  
164 program.

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

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

169 (b) To promulgate rules and regulations, to make  
170 variances and exceptions thereto, and to establish procedures in  
171 accordance with this section for the implementation of the loan  
172 and grant program;

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

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

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

183 (4) The State Bond Commission, at one time, or from time to  
184 time, may declare the necessity for funds for the purposes  
185 provided in this section, including the costs incident to the  
186 administration of the loan and grant program. Upon approval by  
187 the State Bond Commission, the department is authorized to  
188 transfer any necessary amount from the Disaster Recovery Fund  
189 created in Section 31-17-123 to the fund in ample time to  
190 discharge such loans, grants and incidental costs.

191 (5) The department is authorized, without further process of  
192 law, to certify the necessity for warrants and is authorized and  
193 directed to issue such warrants, in such amounts as may be  
194 necessary to make loans and grants under the program authorized by  
195 this section.

196 (6) After any state funds in the fund are no longer needed  
197 for the particular purpose for which they were appropriated,

198 deposited or transferred into the fund, the department shall  
199 transfer those state funds back to the particular fund or funds in  
200 the State Treasury from which they were appropriated or  
201 transferred into the fund, upon certification of the State Fiscal  
202 Officer that the state funds are not currently needed.

203 (7) At least five (5) days before any public ceremony to  
204 announce the award of a grant to a county, municipality or public  
205 school district under this section, the department shall notify  
206 all of the members of the Mississippi House of Representatives and  
207 Mississippi Senate whose districts include any portion of the  
208 county, municipality or school district to which the grant is  
209 being made.

210 (8) The department shall include the following language at a  
211 prominent location on any documents prepared by the department in  
212 connection with a grant made under this section that are to be  
213 provided to the county, municipality or school district to which  
214 the grant is made or to the public: "The funds for this grant  
215 were made available by the Mississippi Legislature."

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