

By: Senator(s) Robertson

To: Finance; Appropriations

SENATE BILL NO. 2022

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; TO AUTHORIZE THE ISSUANCE OF
14 STATE GENERAL OBLIGATION GULF TAX CREDIT BONDS IN A PRINCIPAL
15 AMOUNT NOT TO EXCEED \$100,000,000.00 AS AUTHORIZED BY THE GULF
16 OPPORTUNITY ZONE ACT OF 2005 ENACTED BY THE UNITED STATES CONGRESS
17 IN RESPONSE TO HURRICANE KATRINA; TO AUTHORIZE THE USE OF THE
18 PROCEEDS OF SUCH GENERAL OBLIGATION BONDS TO PAY DEBT SERVICE ON
19 ANY OUTSTANDING GENERAL OBLIGATION BONDS OF THE STATE FOR FISCAL
20 YEAR 2007; TO PROVIDE FOR THE TERMS AND PROVISIONS OF SUCH GENERAL
21 OBLIGATION BONDS AND THE IMPLEMENTATION OF CERTAIN PROVISIONS OF
22 THE GULF OPPORTUNITY ZONE ACT OF 2005 RELATED TO SUCH GENERAL
23 OBLIGATION BONDS; TO AMEND SECTION 31-17-123, MISSISSIPPI CODE OF
24 1972, TO MAKE IT CLEAR THAT INTEREST EARNED ON THE DISASTER
25 RECOVERY FUND SHALL BE DEPOSITED TO THE CREDIT OF SUCH FUND; TO
26 AMEND SECTION 3, CHAPTER 534, LAWS OF 2006, TO PROVIDE THAT THE
27 STATE TREASURER SHALL TRANSFER DURING FISCAL YEARS 2007 AND 2008
28 INTEREST EARNED OR INVESTMENT EARNINGS ON AMOUNTS IN THE HURRICANE
29 DISASTER ASSISTANCE FUND TO THE EMERGENCY AID TO LOCAL GOVERNMENTS
30 FUND; TO AMEND SECTION 6, CHAPTER 17, LAWS OF 2006, TO REDUCE THE
31 AMOUNT OF FUNDS UTILIZED FROM THE BUDGET CONTINGENCY FUND FOR
32 PAYMENT OF MATURING BONDS AND INTEREST ON THE FULL FAITH AND
33 CREDIT BONDS OF THE STATE OF MISSISSIPPI FALLING DUE DURING FISCAL
34 YEAR 2007; TO PROVIDE THAT \$100,000,000.00 SHALL BE UTILIZED FROM
35 THE TAX CREDIT BOND PROCEEDS FUND FOR PAYMENT OF MATURING BONDS
36 AND INTEREST ON THE FULL FAITH AND CREDIT BONDS OF THE STATE OF
37 MISSISSIPPI FALLING DUE DURING FISCAL YEAR 2007; TO REQUIRE THE
38 TRANSFER OF \$100,000,000.00 FROM THE BUDGET CONTINGENCY FUND TO
39 THE DISASTER RECOVERY FUND; TO AMEND SECTION 27-65-17, MISSISSIPPI
40 CODE OF 1972, TO REDUCE THE SALES TAX ON RETAIL SALES OF CERTAIN
41 FACTORY BUILT HOMES; AND FOR RELATED PURPOSES.

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

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

45 27-107-321. (1) (a) There is established an emergency aid
46 to local governments loan and grant program to be administered by

47 the Department of Finance and Administration, referred to in this
48 section as "department," for the purpose of assisting counties,
49 incorporated municipalities and public school districts that
50 suffer revenue losses as a result of a natural disaster for which
51 a state of emergency has been duly proclaimed. Loan and grant
52 proceeds distributed to counties, incorporated municipalities and
53 public school districts shall be considered to be, and shall be
54 utilized by recipient in the same manner as, governmental,
55 enterprise or internal service fund type revenues, specifically
56 for essential government services, including the payment of debt
57 service.

58 (b) The department may contract for facilities and
59 staff needed to administer this section, including routine
60 management, as it deems necessary. The department may advertise
61 for or solicit proposals from public or private sources, or both,
62 for administration of this section or any services required for
63 administration of this section or any portion thereof. It is the
64 intent of the Legislature that the department endeavor to ensure
65 that the costs of administration of this section are as low as
66 possible.

67 (2) (a) There is created a special fund in the State
68 Treasury to be designated as the "Emergency Aid to Local
69 Governments Fund," referred to in this section as "fund," which
70 fund shall consist of money transferred from the Disaster Recovery
71 Fund created in Section 31-17-123 and money designated for deposit
72 therein from any other source, public or private, including, but
73 not limited to, appropriations, bond proceeds, grants, gifts or
74 donations. The fund shall be credited with all repayments of
75 principal and interest derived from loans made from the fund.
76 Unexpended amounts remaining in the fund at the end of a fiscal
77 year shall not lapse into the State General Fund, and any interest
78 earned or investment earnings on amounts in the fund shall be
79 deposited to the credit of the Emergency Aid to Local Governments

80 Fund. Monies in the fund may not be used or expended for any
81 purpose except as authorized under this section.

82 (b) The department shall establish a loan and grant
83 program by which loans and grants may be made available to
84 counties, incorporated municipalities and public school districts,
85 to assist those counties, incorporated municipalities and public
86 school districts. Any governmental entity in the current fiscal
87 year that demonstrates a projected revenue loss equal to or
88 exceeding twenty-five percent (25%) of its governmental fund type
89 revenues in the fiscal year prior to the occurrence of the natural
90 disaster eligible under this section may qualify for a loan and/or
91 grant. The interest rate on loans made under this section may
92 vary from time to time and from loan to loan, and shall be at or
93 below market interest rates as determined by the department. The
94 department shall act as quickly as is practicable and prudent in
95 deciding on any loan or grant request that it receives. No loan
96 or grant shall be approved under this section unless the county,
97 municipality or public school district requesting the loan or
98 grant has exhausted all other available public or private programs
99 to obtain funds for the revenue loss that it is projected to
100 suffer. Such public or private programs shall include, but not be
101 limited to, loans, grants and donations.

102 (c) The aggregate amount of any loans or grants
103 received under this section by a county, incorporated municipality
104 or public school district shall not exceed one hundred percent
105 (100%) of the difference between the revenue received by a county,
106 incorporated municipality or public school district from
107 governmental fund type revenues that are used to fund essential
108 services in the fiscal year prior to the occurrence of the natural
109 disaster and the estimated revenue from such sources after the
110 occurrence of the natural disaster plus available cash reserves or
111 fund balances at the fiscal year end, as determined by the
112 department. The State Bond Commission shall set the maximum

113 amount of any loan or grant made under this section at an amount
114 that will ensure the equitable distribution of the amounts
115 available for loans and grants to the eligible governmental
116 entities affected by the natural disaster, but in no event shall a
117 grant exceed Three Million Dollars (\$3,000,000.00) or the total
118 aggregate amount of all grants exceed Twenty-five Million Dollars
119 (\$25,000,000.00).

120 (d) A county or public school district that receives a
121 loan from the fund shall pledge for repayment of the loan any part
122 of the homestead exemption annual tax loss reimbursement to which
123 it may be entitled under Section 27-33-77, as may be required by
124 the department. An incorporated municipality that receives a loan
125 from the fund or the emergency fund shall pledge for repayment of
126 the loan any part of the sales tax revenue distribution to which
127 it may be entitled under Section 27-65-75 or any part of the
128 homestead exemption annual tax loss reimbursement to which it may
129 be entitled under Section 27-33-77, as may be required by the
130 department. All recipients of such loans shall establish a
131 dedicated source of revenue for repayment of the loan. Before any
132 county, incorporated municipality or public school district shall
133 receive any loan, it shall have executed with the department a
134 loan agreement evidencing that loan, a copy of which shall be
135 filed by the department with the State Tax Commission. The loan
136 agreement shall not be construed to prohibit any recipient from
137 prepaying any part or all of the funds received. The repayment
138 schedule in each loan agreement shall provide for (i) monthly
139 payments, (ii) semiannual payments or (iii) other periodic
140 payments. The loan agreement shall provide for the repayment of
141 all funds received from the fund within not more than three (3)
142 years. The State Tax Commission shall, at the direction of the
143 department, withhold semiannually from counties, incorporated
144 municipalities and public school districts and monthly from
145 incorporated municipalities, from the amount to be remitted to the

146 county, municipality or public school district, the sum necessary
147 to pay all or a portion of the periodic payments for the loan.

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

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

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

165 (g) The State Auditor, upon request of the department,
166 shall audit the receipts and expenditures of a county, an
167 incorporated municipality or a public school district if loan
168 repayments appear to be in arrears, and if the Auditor finds that
169 the county, incorporated municipality or public school district is
170 in arrears in those repayments, the Auditor shall immediately
171 notify the executive director of the department who may take any
172 action as may be necessary to enforce the terms of the loan
173 agreement, including liquidation and enforcement of the security
174 given for repayment of the loan, and the executive director of the
175 department may, in his discretion, notify the State Tax Commission
176 to withhold all future payments to the county, incorporated
177 municipality or school district of homestead exemption annual tax
178 loss reimbursements under Section 27-33-77 and/or all sums

179 allocated to the incorporated municipality under Section 27-65-75,
180 until such time as the county, incorporated municipality or public
181 school district is again current in its loan repayments as
182 certified by the department.

183 (h) All monies deposited in the fund shall be used only
184 for providing the loans and grants authorized under this section.
185 In addition, any amounts in the fund may be used to defray the
186 reasonable costs of administering the fund; however, no monies in
187 the fund which are to be used for grant purposes may be used to
188 defray any costs of administering the fund or program. The
189 department is authorized to use amounts available to it from the
190 fund to contract for those facilities and staff needed to
191 administer and provide routine management for the funds and loan
192 program.

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

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

197 (b) To promulgate rules and regulations, to make
198 variances and exceptions thereto, and to establish procedures in
199 accordance with this section for the implementation of the loan
200 and grant program;

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

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

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

211 (4) The State Bond Commission, at one time, or from time to
212 time, may declare the necessity for funds for the purposes
213 provided in this section, including the costs incident to the
214 administration of the loan and grant program. Upon approval by
215 the State Bond Commission, the department is authorized to
216 transfer any necessary amount from the Disaster Recovery Fund
217 created in Section 31-17-123 to the fund in ample time to
218 discharge such loans, grants and incidental costs.

219 (5) The department is authorized, without further process of
220 law, to certify the necessity for warrants and is authorized and
221 directed to issue such warrants, in such amounts as may be
222 necessary to make loans and grants under the program authorized by
223 this section.

224 (6) After any state funds in the fund are no longer needed
225 for the particular purpose for which they were appropriated,
226 deposited or transferred into the fund, the department shall
227 transfer those state funds back to the particular fund or funds in
228 the State Treasury from which they were appropriated or
229 transferred into the fund, upon certification of the State Fiscal
230 Officer that the state funds are not currently needed.

231 (7) At least five (5) days before any public ceremony to
232 announce the award of a grant to a county, municipality or public
233 school district under this section, the department shall notify
234 all of the members of the Mississippi House of Representatives and
235 Mississippi Senate whose districts include any portion of the
236 county, municipality or school district to which the grant is
237 being made.

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

244 **SECTION 2.** The Legislature hereby finds that Hurricane
245 Katrina resulted in a natural catastrophe severely impacting the
246 State of Mississippi and many of the political subdivisions of the
247 state. The Legislature hereby determines that the issuance of
248 general obligation bonds of the state to provide funds to pay the
249 principal of, interest on and premium, if any, on qualified bonds,
250 notes, certificates of indebtedness, and other debt obligations of
251 the state is in all respects a public and governmental purpose to
252 protect and/or improve the credit rating of the state, that this
253 purpose is a public purpose, that the state will be performing an
254 essential governmental function and meeting a public obligation in
255 the exercise of the powers conferred upon it by this act, is a
256 permitted use of the funds and credit of the state, will result in
257 economic and financial benefits to the state and the political
258 subdivisions of the state, and will provide relief from the
259 consequences of Hurricane Katrina.

260 **SECTION 3.** As used in Sections 2 through 17 of this act:

261 (a) "Bonds" means the gulf tax credit bonds, notes or
262 other evidences of indebtedness of the state issued pursuant to
263 the provisions of Sections 2 through 17 of this act.

264 (b) "Commission" means the State Bond Commission.

265 (c) "Debt service" means the payment of principal of,
266 interest on, premium, if any, sinking or reserve funds or other
267 requirements, costs or expenses due and payable on general
268 obligation bonds, notes, certificates of indebtedness, or other
269 written general obligations for the repayment of borrowed money of
270 the state during the state's fiscal year ending June 30, 2007.

271 (d) "Fund" means the Tax Credit Bond Proceeds Fund.

272 (e) "Gulf Opportunity Zone Act" means the Gulf
273 Opportunity Zone Act of 2005 enacted by the United States Congress
274 in response to Hurricanes Katrina, Rita and Wilma.

275 (f) "Gulf Tax Credit Bonds" means general obligation
276 bonds of the state or other general obligations of the state

277 issued pursuant to the provisions of this act and the Gulf
278 Opportunity Zone Act.

279 (g) "Natural catastrophe" means the consequences of
280 Hurricane Katrina on the state and the resulting fiscal emergency
281 caused to exist in the state.

282 (h) "Qualified Bond" means any general obligation of
283 the State which was outstanding on August 28, 2005, as defined in
284 and subject to the limitations imposed by the Gulf Opportunity
285 Zone Act.

286 (i) "State" means the State of Mississippi.

287 (j) "This act" means Sections 2 through 17 of this act.

288 **SECTION 4.** (1) (a) A special fund, to be designated as the
289 "Tax Credit Bond Proceeds Fund," is created within the State
290 Treasury. The fund shall be maintained by the State Treasurer
291 as a separate and special fund, separate and apart from the
292 General Fund of the state. Unexpended amounts remaining in the
293 fund at the end of a fiscal year shall not lapse into the state's
294 General Fund, and any interest earned or investment earnings on
295 amounts in the fund shall be deposited into such fund and used as
296 provided in Section 5 of this act.

297 (b) There shall be deposited into the fund the proceeds
298 of the bonds issued pursuant to Section 5 of this act and the
299 money pledged to meet the state matching requirement under the
300 Gulf Opportunity Zone Act as provided in Section 6 of this act.

301 (2) Money deposited into the fund shall be used solely as
302 provided in this act and the Gulf Opportunity Zone Act to make
303 debt service payments on qualified bonds of the state.

304 (3) All money deposited into the fund shall be expended in
305 accordance with the provisions of this act and the Gulf
306 Opportunity Zone Act.

307 **SECTION 5.** (1) The commission, at one time, or from time to
308 time, may declare by resolution the necessity for the issuance of
309 general obligation bonds or other general obligations of the state

310 to provide funds for the relief of a natural catastrophe through
311 the payment of debt service on qualified bonds of the state. The
312 commission shall act as the issuing agent for the bonds authorized
313 under this act, prescribe the form of the bonds, issue and sell
314 the bonds so authorized to be sold, pay all fees and costs
315 incurred in such issuance and sale from the money on deposit in
316 the Tax Credit Bond Proceeds Fund, and do any and all other things
317 necessary and advisable in connection with the issuance and sale
318 of such bonds. The bonds authorized to be issued pursuant hereto
319 shall be issued as gulf tax credit bonds as provided in the Gulf
320 Opportunity Zone Act, shall bear interest at a rate of zero
321 percent (0%), shall mature not more than two (2) years from their
322 date of issuance, shall be issued before January 1, 2007, and
323 shall entitle the owner of the bonds to a credit against federal
324 taxation to the extent allowed by and in accordance with the
325 provisions of the Gulf Opportunity Zone Act. Such bonds may be
326 issued in one or more series, may bear such date or dates, may be
327 in such denominations, may be sold at public or private sale, from
328 time to time, in such manner and at such price as may be
329 determined by the commission to be most advantageous, at par, or
330 at any discount (which sale shall be on such terms and in such
331 manner as the commission shall determine), and may contain such
332 other terms and covenants (including, without limitation,
333 covenants for the security and better marketability of such
334 bonds), as may be provided by resolution of the commission. The
335 commission is authorized and empowered to pay the costs that are
336 incident to the sale, issuance and delivery of the bonds
337 authorized under this act from the proceeds derived from the sale
338 of such bonds or from other lawfully available funds. Pursuant to
339 the provisions of this act, the commission may enter into such
340 agreements as may be necessary in connection with the sale and
341 issuance of such bonds. The total amount of bonds issued under
342 this act shall not exceed One Hundred Million Dollars

343 (\$100,000,000.00). No bonds shall be issued under this act from
344 and after January 1, 2007.

345 (2) Any investment earnings on amounts deposited into the
346 special fund created in Section 4 of this act shall be used to pay
347 debt service or used as otherwise directed by the commission in
348 accordance with applicable federal and state law and in accordance
349 with the proceedings authorizing the issuance of such bonds.

350 (3) Bonds issued by the commission pursuant to this act must
351 comply with and satisfy the requirements for the issuance of "Gulf
352 Tax Credit Bonds" pursuant to the Gulf Opportunity Zone Act.

353 **SECTION 6.** To satisfy the state matching requirement of the
354 Gulf Opportunity Zone Act in connection with the gulf tax credit
355 bonds authorized to be issued by this act, the commission is
356 hereby authorized to pledge, as of the date of the issuance of the
357 gulf tax credit bonds, any funds of the state available for debt
358 service or any other available funds of the state to make debt
359 service payments on qualified bonds of the state in an amount
360 equal to the face amount of the gulf tax credit bonds issued
361 pursuant to Section 5 of this act. Upon issuance of the gulf tax
362 credit bonds, the funds of the state pledged to satisfy the state
363 matching requirement of the Gulf Opportunity Zone Act shall be
364 deposited in the fund and used to make debt service payments on
365 qualified bonds of the state in accordance with this act and the
366 Gulf Opportunity Zone Act. The State Treasurer, acting on behalf
367 of the commission, is authorized to use all money on deposit in
368 the fund to make debt service payments in accordance with the
369 provisions of this act and the Gulf Opportunity Zone Act.

370 **SECTION 7.** The bonds authorized by this act shall be signed
371 by the chairman of the commission, or by his facsimile signature,
372 and the official seal of the commission shall be affixed thereto,
373 attested by the secretary of the commission. The interest
374 coupons, if any, to be attached to such bonds may be executed by
375 the facsimile signatures of such officers. Whenever any such

376 bonds shall have been signed by the officials designated to sign
377 the bonds who were in office at the time of such signing but who
378 may have ceased to be such officers before the sale and delivery
379 of such bonds, or who may not have been in office on the date such
380 bonds may bear, the signatures of such officers upon such bonds
381 and coupons shall nevertheless be valid and sufficient for all
382 purposes and have the same effect as if the person so officially
383 signing such bonds had remained in office until their delivery to
384 the purchaser, or had been in office on the date such bonds may
385 bear. However, notwithstanding anything in this act to the
386 contrary, such bonds may be issued as provided in the Registered
387 Bond Act.

388 **SECTION 8.** All bonds issued under this act shall be fully
389 negotiable in accordance with their terms and shall be
390 "securities" within the meaning of Article 8 of the Uniform
391 Commercial Code, subject to the provisions of such bonds
392 pertaining to registration. It shall not be necessary to file
393 financing statements or continuation statements to protect the
394 lien and pledge granted by the state to the holders of any bonds
395 issued under this act.

396 **SECTION 9.** The bonds issued under the provisions of this act
397 are general obligations of the State of Mississippi, and for the
398 payment thereof the full faith and credit of the State of
399 Mississippi is irrevocably pledged. If the funds appropriated by
400 the Legislature are insufficient to pay the principal of such
401 bonds as they become due, then the deficiency shall be paid by the
402 State Treasurer from any funds in the State Treasury not otherwise
403 appropriated. All such bonds shall contain recitals on their
404 faces substantially covering the provisions of this section.

405 **SECTION 10.** The bonds authorized under this act may be
406 issued without any other proceedings or the happening of any other
407 conditions or things other than those proceedings, conditions and
408 things which are specified or required by this act. Any

409 resolution providing for the issuance of bonds under the
410 provisions of this act shall become effective immediately upon its
411 adoption by the commission, and any such resolution may be adopted
412 at any regular or special meeting of the commission by a majority
413 of its members.

414 **SECTION 11.** The bonds authorized under the authority of this
415 act may be validated in the Chancery Court of the First Judicial
416 District of Hinds County, Mississippi, in the manner and with the
417 force and effect provided by Chapter 13, Title 31, Mississippi
418 Code of 1972, for the validation of county, municipal, school
419 district and other bonds. The notice to taxpayers required by
420 such statutes shall be published in a newspaper published or
421 having a general circulation in the City of Jackson, Mississippi.

422 **SECTION 12.** Any holder of bonds issued under the provisions
423 of this act may, either at law or in equity, by suit, action,
424 mandamus or other proceeding, protect and enforce any and all
425 rights granted under this act, or under such resolution, and may
426 enforce and compel performance of all duties required by this act
427 to be performed, in order to provide for the payment of such
428 bonds.

429 **SECTION 13.** All bonds issued under the provisions of this
430 act shall be legal investments for trustees and other fiduciaries,
431 and for savings banks, trust companies and insurance companies
432 organized under the laws of the state, and such bonds shall be
433 legal securities which may be deposited with and shall be received
434 by all public officers and bodies of this state and all
435 municipalities and political subdivisions for the purpose of
436 securing the deposit of public funds.

437 **SECTION 14.** Bonds issued under the provisions of this act
438 and income, if any, therefrom shall be exempt from all taxation in
439 the State of Mississippi. In addition, the amount of credit
440 determined in accordance with the provisions of the Gulf
441 Opportunity Zone Act and received by a holder of the bonds issued

442 under the provisions of this act shall not be included in the
443 income of such holder for state income tax purposes.

444 **SECTION 15.** The proceeds of the bonds issued under this act
445 shall be used solely for the purposes herein provided, including
446 the costs incident to the issuance and sale of such bonds.

447 **SECTION 16.** The State Treasurer is authorized, without
448 further process of law, to certify to the Department of Finance
449 and Administration the necessity for warrants, and the Department
450 of Finance and Administration is authorized and directed to issue
451 such warrants, in such amounts as may be necessary to pay when due
452 the principal of all bonds issued under this act; and the State
453 Treasurer shall forward the necessary amount to the designated
454 place or places of payment of such bonds in ample time to
455 discharge such bonds on the due dates thereof.

456 **SECTION 17.** This act shall be deemed to be full and complete
457 authority for the exercise of the powers granted in this act, but
458 this act shall not be deemed to repeal or to be in derogation of
459 any existing law of this state.

460 **SECTION 18.** Section 31-17-123, Mississippi Code of 1972, is
461 amended as follows:

462 31-17-123. (1) The intent of the Legislature is to
463 authorize borrowing funds under the provisions of Sections
464 31-17-101 through 31-17-123 to offset any temporary cash flow
465 deficiencies and should not be construed to authorize the
466 borrowing of any funds in an amount that cannot be repaid during
467 the fiscal year in which the funds are borrowed.

468 (2) (a) Notwithstanding any provision of this chapter to
469 the contrary, in the event that the State Fiscal Officer and the
470 State Treasurer make a determination that (i) state-source special
471 funds are not sufficient to cover deficiencies in the General
472 Fund, (ii) the State of Mississippi is unable to repay special
473 fund borrowing within the fiscal year in which it was borrowed, or
474 (iii) state-source funds are insufficient for disaster support

475 and/or assistance purposes due to Hurricanes Katrina and/or Rita;
476 and that the State Bond Commission makes a determination that such
477 deficiency, inability to repay, or insufficiency is the result of
478 a state of emergency within the State of Mississippi, the State
479 Bond Commission is authorized to obtain a line of credit, in an
480 amount not to exceed Five Hundred Million Dollars
481 (\$500,000,000.00), from a commercial lender, investment banking
482 group or a consortium of either, or both. The length of
483 indebtedness under this subsection shall not extend past three (3)
484 years following the origination of the line of credit. The line
485 of credit shall be authorized and approved by the State Bond
486 Commission and shall have such terms and details as may be
487 provided by resolution of the State Bond Commission. Loan
488 proceeds shall be received and disbursed by the State Treasurer
489 and deposited into the Disaster Recovery Fund, a special fund
490 hereby created in the State Treasury, and shall be used to cover
491 deficiencies in the General Fund, to repay special fund borrowing
492 and/or to cover any insufficiency in disaster support and/or
493 assistance. Monies remaining in the Disaster Recovery Fund at the
494 end of a fiscal year shall not lapse into the State General Fund,
495 but shall remain in the Disaster Recovery Fund and any interest
496 earned or investment earnings on amounts in the Disaster Recovery
497 Fund shall remain in the fund.

498 (b) As security for the repayment of the principal and
499 interest on the line of credit provided for in paragraph (a) of
500 this subsection, the full faith, credit and resources of the State
501 of Mississippi are hereby irrevocably pledged.

502 (c) Upon approval of the State Fiscal Officer, the
503 Director of the Mississippi Emergency Management Agency is
504 authorized to use amounts from the line of credit to match federal
505 funds, and for personnel, call-back wages, base and overtime
506 wages, travel, per diem and other out-of-pocket expenses incurred
507 as a result of Hurricanes Katrina and/or Rita.

508 (d) This subsection (2) shall be complete authority for
509 the borrowing authorized hereunder and shall not be subject to the
510 limitations provided in the other provisions of this chapter or
511 otherwise under state law.

512 (e) The State Treasurer shall notify the Legislative
513 Budget Office and the State Department of Finance and
514 Administration of each transfer into and out of the Disaster
515 Recovery Fund on a quarterly basis.

516 **SECTION 19.** Section 3, Chapter 534, Laws of 2006, is amended
517 as follows:

518 Section 3. There is hereby created in the State Treasury a
519 special fund, separate and apart from any other special fund, to
520 be designated as the Hurricane Disaster Reserve Fund. The State
521 Fiscal Officer shall transfer from the State General Fund into the
522 Hurricane Disaster Reserve Fund an amount equal to Two Hundred
523 Sixty-eight Million Dollars (\$268,000,000.00) during the period
524 beginning July 1, 2006, and ending June 30, 2007.

525 The funds transferred herein to the Hurricane Disaster
526 Reserve Fund shall be utilized to defray the state's share of any
527 nonfederal matching requirements for Federal Emergency Management
528 Agency grants associated with Hurricane Katrina and other
529 disasters. Unexpended funds remaining in the Hurricane Disaster
530 Reserve Fund at the end of the fiscal year shall not lapse into
531 the State General Fund but shall remain in the fund and any
532 interest earned or investment earnings on amounts in the Hurricane
533 Disaster Reserve Fund shall remain in the fund; however, any
534 interest earned or investment earnings on amounts in the fund
535 during fiscal years 2007 and 2008 shall be transferred by the
536 State Treasurer to the Emergency Aid to Local Governments Fund
537 created in Section 27-107-1.

538 Funds deposited into the Hurricane Disaster Reserve Fund
539 shall be used only for the purposes specified in this section, and
540 as long as the provisions of this section remain in effect, no

541 other expenditure, appropriation or transfer of funds in the
542 Hurricane Disaster Reserve Fund shall be made except by act of the
543 Legislature making specific reference to the Hurricane Disaster
544 Reserve Fund as the source of those funds.

545 **SECTION 20.** Section 6, Chapter 17, Laws of 2006, is amended
546 as follows:

547 Section 6. Of the funds appropriated under the provisions of
548 Section 2, Two Million Eight Hundred Thirty-nine Thousand Nine
549 Hundred Eight Dollars (\$2,839,908.00) shall be derived from the
550 Budget Contingency Fund created in Section 27-103-301, Mississippi
551 Code of 1972, and not more than One Hundred Million Dollars
552 (\$100,000,000.00) shall be derived from the proceeds of the sale
553 of the bonds authorized in Sections 2 through 17 of Senate Bill
554 No. 2022, 2006 First Extraordinary Session, and deposited into the
555 Tax Credit Bond Proceeds Fund created in Section 4 of Senate Bill
556 No. 2022, 2006 First Extraordinary Session, for the purpose of
557 paying maturing bonds and interest on the full faith and credit
558 bonds of the State of Mississippi.

559 **SECTION 21.** Upon passage of this act, the State Fiscal
560 Officer shall transfer One Hundred Million Dollars
561 (\$100,000,000.00) from the Budget Contingency Fund created in
562 Section 27-103-301 to the Disaster Recovery Fund created in
563 Section 31-17-123.

564 **SECTION 22.** Section 27-65-17, Mississippi Code of 1972, is
565 amended as follows:

566 27-65-17. (1) (a) Except as otherwise provided in this
567 section, upon every person engaging or continuing within this
568 state in the business of selling any tangible personal property
569 whatsoever there is hereby levied, assessed and shall be collected
570 a tax equal to seven percent (7%) of the gross proceeds of the
571 retail sales of the business.

572 (b) Retail sales of farm tractors shall be taxed at the
573 rate of one percent (1%) when made to farmers for agricultural
574 purposes.

575 (c) Retail sales of farm implements sold to farmers and
576 used directly in the production of poultry, ratite, domesticated
577 fish as defined in Section 69-7-501, livestock, livestock
578 products, agricultural crops or ornamental plant crops or used for
579 other agricultural purposes shall be taxed at the rate of three
580 percent (3%) when used on the farm. The three percent (3%) rate
581 shall also apply to all equipment used in logging, pulpwood
582 operations or tree farming which is either:

583 (i) Self-propelled, or

584 (ii) Mounted so that it is permanently attached to
585 other equipment which is self-propelled or permanently attached to
586 other equipment drawn by a vehicle which is self-propelled.

587 (d) Except as otherwise provided in subsection (3) of
588 this section, retail sales of aircraft, automobiles, trucks,
589 truck-tractors and semitrailers * * * shall be taxed at the rate
590 of three percent (3%).

591 (e) Sales of manufacturing machinery or manufacturing
592 machine parts when made to a manufacturer or custom processor for
593 plant use only when the machinery and machine parts will be used
594 exclusively and directly within this state in manufacturing a
595 commodity for sale, rental or in processing for a fee shall be
596 taxed at the rate of one and one-half percent (1-1/2%).

597 (f) Sales of machinery and machine parts when made to a
598 technology intensive enterprise for plant use only when the
599 machinery and machine parts will be used exclusively and directly
600 within this state for industrial purposes, including, but not
601 limited to, manufacturing or research and development activities,
602 shall be taxed at the rate of one and one-half percent (1-1/2%).
603 In order to be considered a technology intensive enterprise for
604 purposes of this paragraph:

605 (i) The enterprise shall meet minimum criteria
606 established by the Mississippi Development Authority;

607 (ii) The enterprise shall employ at least ten (10)
608 persons in full-time jobs;

609 (iii) At least ten percent (10%) of the workforce
610 in the facility operated by the enterprise shall be scientists,
611 engineers or computer specialists;

612 (iv) The enterprise shall manufacture plastics,
613 chemicals, automobiles, aircraft, computers or electronics; or
614 shall be a research and development facility, a computer design or
615 related facility, or a software publishing facility or other
616 technology intensive facility or enterprise as determined by the
617 Mississippi Development Authority;

618 (v) The average wage of all workers employed by
619 the enterprise at the facility shall be at least one hundred fifty
620 percent (150%) of the state average annual wage; and

621 (vi) The enterprise must provide a basic health
622 care plan to all employees at the facility.

623 (g) Sales of materials for use in track and track
624 structures to a railroad whose rates are fixed by the Interstate
625 Commerce Commission or the Mississippi Public Service Commission
626 shall be taxed at the rate of three percent (3%).

627 (h) Sales of tangible personal property to electric
628 power associations for use in the ordinary and necessary operation
629 of their generating or distribution systems shall be taxed at the
630 rate of one percent (1%).

631 (i) Wholesale sales of beer shall be taxed at the rate
632 of seven percent (7%), and the retailer shall file a return and
633 compute the retail tax on retail sales but may take credit for the
634 amount of the tax paid to the wholesaler on said return covering
635 the subsequent sales of same property, provided adequate invoices
636 and records are maintained to substantiate the credit.

637 (j) Wholesale sales of food and drink for human
638 consumption to full service vending machine operators to be sold
639 through vending machines located apart from and not connected with
640 other taxable businesses shall be taxed at the rate of eight
641 percent (8%).

642 (k) Sales of equipment used or designed for the purpose
643 of assisting disabled persons, such as wheelchair equipment and
644 lifts, that is mounted or attached to or installed on a private
645 carrier of passengers or light carrier of property, as defined in
646 Section 27-51-101, at the time when the private carrier of
647 passengers or light carrier of property is sold shall be taxed at
648 the same rate as the sale of such vehicles under this section.

649 (1) Retail sales of factory built homes, including
650 mobile or manufactured homes, modular homes, panelized homes and
651 precut homes, shall be taxed at the rate of three percent (3%).

652 (2) From and after January 1, 1995, retail sales of private
653 carriers of passengers and light carriers of property, as defined
654 in Section 27-51-101, shall be taxed an additional two percent
655 (2%).

656 (3) In lieu of the tax levied in subsection (1) of this
657 section, there is levied on retail sales of truck-tractors and
658 semitrailers used in interstate commerce and registered under the
659 International Registration Plan (IRP) or any similar reciprocity
660 agreement or compact relating to the proportional registration of
661 commercial vehicles entered into as provided for in Section
662 27-19-143, a tax at the rate of three percent (3%) of the portion
663 of the sale that is attributable to the usage of such
664 truck-tractor or semitrailer in Mississippi. The portion of the
665 retail sale that is attributable to the usage of such
666 truck-tractor or semitrailer in Mississippi is the retail sales
667 price of the truck-tractor or semitrailer multiplied by the
668 percentage of the total miles traveled by the vehicle that are
669 traveled in Mississippi. The tax levied pursuant to this

670 subsection (3) shall be collected by the State Tax Commission from
671 the purchaser of such truck-tractor or semitrailer at the time of
672 registration of such truck-tractor or semitrailer.

673 (4) A manufacturer selling at retail in this state shall be
674 required to make returns of the gross proceeds of such sales and
675 pay the tax imposed in this section.

676 (5) Any person exercising any privilege taxable under
677 Section 27-65-15 and selling his natural resource products at
678 wholesale or to exempt persons shall pay the tax levied by said
679 section in lieu of the tax levied by this section.

680 **SECTION 23.** This act shall take effect and be in force from
681 and after its passage.