

By: Representative Stringer

To: Appropriations

HOUSE BILL NO. 650

1 AN ACT TO PROVIDE THAT THE UNENCUMBERED CASH BALANCE IN THE
2 STATE GENERAL FUND AT THE CLOSE OF EACH FISCAL YEAR SHALL BE
3 DISTRIBUTED TO THE MUNICIPAL REVOLVING FUND, THE WORKING
4 CASH-STABILIZATION RESERVE FUND AND THE CAPITAL EXPENSE FUND; TO
5 SPECIFY THE AMOUNTS THAT SHALL BE DISTRIBUTED TO EACH OF THOSE
6 FUNDS AND THE AMOUNT THAT SHALL REMAIN IN THE GENERAL FUND; TO
7 CREATE THE CAPITAL EXPENSE FUND AS A SPECIAL FUND IN THE STATE
8 TREASURY; TO PROVIDE THAT THE CAPITAL EXPENSE FUND SHALL BE USED
9 FOR CAPITAL EXPENSE NEEDS, REPAIR AND RENOVATION OF STATE-OWNED
10 PROPERTIES, SPECIFIC PROJECTS AUTHORIZED BY THE LEGISLATURE AND
11 EMERGENCY REPAIRS ON STATE-OWNED BUILDINGS; TO AMEND SECTIONS
12 27-103-203 AND 21-33-401, MISSISSIPPI CODE OF 1972, TO CONFORM TO
13 THE PRECEDING PROVISIONS; AND FOR RELATED PURPOSES.

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

15 **SECTION 1.** (1) The unencumbered cash balance in the General
16 Fund in the State Treasury at the close of each fiscal year shall
17 be distributed to the Municipal Revolving Fund, the Working
18 Cash-Stabilization Reserve Fund and the Capital Expense Fund in
19 the manner provided in this section.

20 (2) (a) At the end of each fiscal year, the Director of the
21 Department of Finance and Administration and the State Treasurer
22 shall determine the extent of the unencumbered cash balance
23 existing in the General Fund in the State Treasury.

24 (b) As used in this section, the term "unencumbered
25 cash balance" or "unencumbered General Fund cash balance" means
26 the amount in the State General Fund after deducting all
27 appropriations and other expenditures. However, if the
28 Legislature has authorized additional or deficit appropriations or
29 transfers from the State General Fund for that fiscal year, those
30 amounts shall be subtracted from the unencumbered cash balance in
31 the General Fund before determining the amount available for
32 distribution. The unencumbered General Fund cash balance shall

33 not be determined until after August 31st of each year, and it
34 shall not be made until the State Treasurer has received a
35 certificate in writing from the Director of the Department of
36 Finance and Administration, with notification to the Legislative
37 Budget Office, showing the amount of the unencumbered General Fund
38 cash balance.

39 (3) If any unencumbered General Fund cash balance is
40 available for distribution under this section, the distribution of
41 those funds shall be made by the Director of the Department of
42 Finance and Administration in the following order:

43 (a) To the Municipal Revolving Fund, an amount not
44 exceeding Seven Hundred Fifty Thousand Dollars (\$750,000.00).

45 (b) To the Working Cash-Stabilization Reserve Fund,
46 until such time as the balance in the fund reaches Forty Million
47 Dollars (\$40,000,000.00).

48 (c) To remain in the State General Fund, an amount not
49 exceeding one percent (1%) of the General Fund appropriations for
50 the fiscal year that the unencumbered General Fund cash balance
51 represents.

52 (d) To the Working Cash-Stabilization Reserve Fund,
53 fifty percent (50%) of the balance, not to exceed seven and
54 one-half percent (7-1/2%) of the General Fund appropriations for
55 the fiscal year that the unencumbered General Fund cash balance
56 represents.

57 (e) To the Capital Expense Fund, any remaining amount
58 of the balance.

59 **SECTION 2.** (1) There is created in the State Treasury a
60 special fund, separate and apart from any other fund, to be
61 designated the Capital Expense Fund.

62 (2) The Capital Expense Fund shall not be considered as a
63 surplus or available funds when adopting a balanced budget as
64 required by law. The State Treasurer shall invest all sums in the
65 Capital Expense Fund not needed for the purposes provided for in

66 this section in certificates of deposit, repurchase agreements and
67 other securities as authorized in Sections 27-105-33(d) or
68 7-9-103, as the State Treasurer may determine to yield the highest
69 market rate available. Interest earned on this fund shall be
70 deposited by the State Treasurer into the State General Fund.

71 (3) The Capital Expense Fund shall be used for capital
72 expense needs, repair and renovation of state-owned properties and
73 specific projects authorized by the Legislature. The Legislature
74 shall designate those capital expense projects, repair and
75 renovation projects and other authorized projects in an
76 appropriation act passed by the Legislature, which shall direct
77 the Director of the Department of Finance and Administration to
78 administer the projects.

79 (4) In addition to the purposes specified in subsection (3)
80 of this section, the Capital Expense Fund shall be used to provide
81 funds for emergency repairs on state-owned buildings, upon
82 requisition of the Director of the Department of Finance and
83 Administration. Whenever the director determines that funds are
84 immediately needed for emergency repairs on state-owned buildings,
85 he shall requisition the funds needed from the Capital Expense
86 Fund, which shall be subject to the limitations set forth in this
87 subsection. At the same time he makes the requisition, the
88 director shall notify the Lieutenant Governor, the Speaker of the
89 House of Representatives, the respective Chairmen of the Senate
90 Appropriations Committee, the Senate Finance Committee, the House
91 Appropriations Committee and the House Ways and Means Committee
92 and the Legislative Budget Office of his determination of the need
93 for the funds, the amount that he has requisitioned and where the
94 funds will be used. If the amount requisitioned is available in
95 the Capital Expense Fund, is not allocated for any specific
96 projects as authorized in subsection (3) of this section and is
97 within the limitations set forth below in this subsection, then
98 the director may escalate the budget of the Bureau of Building,

99 Grounds and Real Property Management to use the full amount of the
100 requisitioned funds for the emergency repairs, and transfer that
101 amount to the bureau for that purpose. If the amount
102 requisitioned is more than the amount available in the Capital
103 Expense Fund or above the limitations set forth below in this
104 subsection, then the director may escalate the budget of the
105 bureau to use the amount that is available within the limitations
106 for the emergency repairs, and transfer that amount to the bureau
107 for that purpose. The maximum amount that may be transferred from
108 the Capital Expense Fund to the bureau for any single emergency
109 shall be Five Hundred Thousand Dollars (\$500,000.00), and the
110 maximum amount that may be transferred to the bureau for all
111 emergencies during any fiscal year shall be Two Million Dollars
112 (\$2,000,000.00).

113 (5) Funds deposited in the Capital Expense Fund shall be
114 used only for the purposes specified in this section, and as long
115 as the provisions of this section remain in effect, no other
116 expenditure, appropriation or transfer of funds in the Capital
117 Expense Fund shall be made except by act of the Legislature making
118 specific reference to the Capital Expense Fund as the source of
119 those funds.

120 (6) Unexpended funds in the Capital Expense Fund at the end
121 of a fiscal year shall not lapse into the State General Fund but
122 shall remain in the fund for use under this section.

123 **SECTION 3.** Section 27-103-203, Mississippi Code of 1972, is
124 amended as follows:

125 27-103-203. (1) There is created in the State Treasury a
126 special fund, separate and apart from any other fund, to be
127 designated the Working Cash-Stabilization Reserve Fund * * *.

128 (2) The Working Cash-Stabilization Reserve Fund shall not be
129 considered as a surplus or available funds when adopting a
130 balanced budget as required by law. The State Treasurer shall
131 invest all sums in the Working Cash-Stabilization Reserve Fund not

132 needed for the purposes provided for in this section in
133 certificates of deposit, repurchase agreements and other
134 securities as authorized in Sections 27-105-33(d) or 7-9-103, as
135 the State Treasurer may determine to yield the highest market rate
136 available. If the Ayers Settlement Fund is created under Section
137 37-101-27(5), the first Five Million Dollars (\$5,000,000.00) of
138 interest earned on those sums each fiscal year shall be deposited
139 into that fund until a total of Seventy Million Dollars
140 (\$70,000,000.00) has been deposited into the fund. The interest,
141 or the remaining interest if the Ayers Settlement Fund is created,
142 that is earned on those sums shall be deposited in the Working
143 Cash-Stabilization Reserve Fund until the balance of principal and
144 interest in the fund reaches seven and one-half percent (7-1/2%)
145 of the total General Fund appropriations for the current fiscal
146 year, and all interest earned in excess of amounts necessary to
147 maintain the seven and one-half percent (7-1/2%) fund balance
148 requirement shall be deposited by the State Treasurer into the
149 State General Fund.

150 (3) The Working Cash-Stabilization Reserve Fund, except for
151 Fifteen Million Dollars (\$15,000,000.00) and the amount of the
152 interest and income earned on the principal of the Ayers Endowment
153 Trust created by Section 37-101-27, shall be used by the State
154 Treasurer for cash flow needs throughout the year when the
155 Executive Director of the Department of Finance and Administration
156 certifies that in his opinion there will be cash flow deficiencies
157 in the State General Fund. No borrowing of monies from other
158 special funds for such purposes as authorized by Section 31-17-101
159 et seq. shall be made as long as an unencumbered balance in excess
160 of Fifteen Million Dollars (\$15,000,000.00) and the interest and
161 income earned on the principal of the Ayers Endowment Trust
162 created by Section 37-101-27 remains in the fund. The State
163 Treasurer shall reimburse the fund for all sums borrowed for those
164 purposes from General Fund revenues collected during the fiscal

165 year in which those funds are used. The State Treasurer shall
166 immediately notify the Legislative Budget Office and the State
167 Department of Finance and Administration of each transfer into and
168 out of the fund. Fifteen Million Dollars (\$15,000,000.00) in the
169 Working Cash-Stabilization Reserve Fund shall remain available for
170 exclusive use of the Ayers Endowment Trust created by Section
171 37-101-27. If the Ayers Settlement Fund is created under Section
172 37-101-27(5), beginning when a total of Fifty-five Million Dollars
173 (\$55,000,000.00) has been deposited into the fund, for each annual
174 deposit of interest to that fund under subsection (2) of this
175 section, the Ayers Endowment Trust created under Section
176 37-101-27(1) shall be reduced by an equal amount annually until
177 the Ayers Endowment Trust reaches Zero Dollars (\$0.00), at which
178 time any requirements concerning the Ayers Endowment Trust in this
179 section shall be null and void.

180 (4) The Working Cash-Stabilization Reserve Fund, except for
181 Forty Million Dollars (\$40,000,000.00), shall also be used for the
182 purpose of covering any projected deficits that may occur in the
183 General Fund at the end of a fiscal year as a result of revenue
184 shortfalls. If the Governor determines that a deficit in revenues
185 from all sources may occur, it shall be the duty of the Executive
186 Director of the Department of Finance and Administration to
187 transfer such funds as necessary to the General Fund to alleviate
188 the deficit in accordance with Sections 27-104-13 and 31-17-123;
189 however, not more than Fifty Million Dollars (\$50,000,000.00) may
190 be transferred from the fund for that purpose in any one (1)
191 fiscal year.

192 (5) The Working Cash-Stabilization Reserve Fund also shall
193 be used to provide funds for the Disaster Assistance Trust Fund
194 when those funds are immediately needed to provide for disaster
195 assistance under Sections 33-15-301 through 33-15-317. Any
196 transfer of funds from the Working Cash-Stabilization Reserve Fund

197 to the Disaster Assistance Trust Fund shall be made in accordance
198 with the provisions of subsection (5) of Section 33-15-307.

199 (6) The Department of Finance and Administration shall
200 immediately send notice of any transfers made, or other action
201 taken under authority of this section, to the Legislative Budget
202 Office.

203 (7) Funds deposited in the Working Cash-Stabilization
204 Reserve Fund shall be used only for the purposes specified in this
205 section, and as long as the provisions of this section remain in
206 effect, no other expenditure, appropriation or transfer of funds
207 in the Working Cash-Stabilization Reserve Fund shall be made
208 except by act of the Legislature making specific reference to the
209 Working Cash-Stabilization Reserve Fund as the source of those
210 funds.

211 **SECTION 4.** Section 21-33-401, Mississippi Code of 1972, is
212 amended as follows:

213 21-33-401. (1) There is * * * created in the State Treasury
214 a special fund designated as the "Municipal Revolving Fund."

215 (2) The Municipal Revolving Fund shall not be considered as
216 a surplus or available funds when adopting a balanced budget as
217 required by law. The State Treasurer shall invest all sums in the
218 Municipal Revolving Fund not needed for the purposes provided for
219 in this section in certificates of deposit, repurchase agreements
220 and other securities as authorized in Sections 27-105-33(d) or
221 7-9-103, as the State Treasurer may determine to yield the highest
222 market rate available. Interest earned on this fund shall be
223 deposited by the State Treasurer into the State General Fund.

224 (3) The municipal revolving fund shall be * * * distributed
225 annually, during the month of October, to all municipalities on a
226 population basis, using the latest federal census in computations,
227 taking into consideration the entire population of each
228 municipality in the state, and taking into consideration
229 municipalities that have been incorporated since the last federal

230 census, or will be incorporated before the next federal census, in
231 which case the population shall be the official count used in
232 procuring the charter of incorporation, and also taking into
233 consideration any county seat that is not an incorporated
234 municipality as though the county seat were an incorporated
235 municipality. In making distribution to an unincorporated county
236 seat, however, the funds computed to be due to the county seat
237 shall be paid to the county treasury in which the county seat is
238 located.

239 Funds made available to municipalities under the provisions
240 of this section may be used for any lawful municipal purpose,
241 except that where funds are made available by reason of the
242 location of an unincorporated county seat in any county, the board
243 of supervisors in that county shall use the funds for road, bridge
244 and street construction or maintenance.

245 * * *

246 (4) Unexpended funds in the Municipal Revolving Fund at the
247 end of a fiscal year shall not lapse into the State General Fund
248 but shall remain in the fund for use under this section.

249 **SECTION 5.** This act shall take effect and be in force from
250 and after its passage.