

By: Representative Compretta

To: Sel Cmte on Hurricane  
Recovery

## HOUSE BILL NO. 1339

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 REQUIRE THE RENEGOTIATION OF LOANS MADE UNDER THE  
4 LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS IMPROVEMENTS REVOLVING  
5 LOAN AND GRANT PROGRAM, THE WATER POLLUTION ABATEMENT LOAN  
6 PROGRAM, THE WATER POLLUTION CONTROL REVOLVING FUND, THE WATER  
7 POLLUTION CONTROL EMERGENCY LOAN FUND, THE LOCAL GOVERNMENTS  
8 CAPITAL IMPROVEMENTS REVOLVING LOAN FUND, THE LOCAL GOVERNMENTS  
9 FREIGHT RAIL SERVICE PROJECT REVOLVING LOAN FUND AND THE PORT  
10 REVITALIZATION REVOLVING LOAN FUND, TO THE SIX MOST SOUTHERN  
11 COUNTIES OF THE STATE COVERED BY THE PRESIDENTIAL DECLARATION OF  
12 MAJOR DISASTER FOR THE STATE OF MISSISSIPPI (FEMA-1604-DR) DATED  
13 AUGUST 29, 2005, AND TO POLITICAL SUBDIVISIONS AND CERTAIN OTHER  
14 ENTITIES LOCATED IN SUCH COUNTIES; TO PROVIDE THAT THE REPAYMENT  
15 OF THE PRINCIPAL AND INTEREST ON SUCH A LOAN SHALL BE HELD IN  
16 ABEYANCE UNTIL THE LAW AUTHORIZING THE LOAN IS AMENDED TO PROVIDE  
17 OTHERWISE, PROVIDED THAT THE BORROWER IS UNABLE TO PAY THE  
18 PRINCIPAL AND INTEREST ON THE LOAN BECAUSE OF THE DESTRUCTION OF  
19 OR DAMAGE TO IMPROVEMENTS OR STRUCTURES CAUSED BY HURRICANE  
20 KATRINA, OR BECAUSE OF ECONOMIC CONDITIONS BROUGHT ABOUT BY THE  
21 EFFECTS OF HURRICANE KATRINA; AND FOR RELATED PURPOSES.

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

23 **SECTION 1.** Section 41-3-16, Mississippi Code of 1972, is  
24 amended as follows:

25 41-3-16. (1) (a) There is established a local governments  
26 and rural water systems improvements revolving loan and grant  
27 program to be administered by the State Department of Health,  
28 referred to in this section as "department," for the purpose of  
29 assisting counties, incorporated municipalities, districts or  
30 other water organizations that have been granted tax exempt status  
31 under either federal or state law, in making improvements to their  
32 water systems, including construction of new water systems or  
33 expansion or repair of existing water systems. Loan and grant  
34 proceeds may be used by the recipient for planning, professional  
35 services, acquisition of interests in land, acquisition of  
36 personal property, construction, construction-related services,

37 maintenance, and any other reasonable use which the board, in its  
38 discretion, may allow. For purposes of this section, "water  
39 systems" has the same meaning as the term "public water system"  
40 under Section 41-26-3.

41 (b) (i) There is created a board to be known as the  
42 "Local Governments and Rural Water Systems Improvements Board,"  
43 referred to in this section as "board," to be composed of the  
44 following nine (9) members: the State Health Officer, or his  
45 designee, who shall serve as chairman of the board; the Executive  
46 Director of the Mississippi Development Authority, or his  
47 designee; the Executive Director of the Department of  
48 Environmental Quality, or his designee; the Executive Director of  
49 the Department of Finance and Administration, or his designee; the  
50 Executive Director of the Mississippi Association of Supervisors,  
51 or his designee; the Executive Director of the Mississippi  
52 Municipal League, or his designee; the Executive Director of the  
53 Consulting Engineers Council, or his designee; the State Director  
54 of the United States Department of Agriculture, Rural Development,  
55 or his designee; and a manager of a rural water system.

56 The Governor shall appoint a manager of a rural water system  
57 from a list of candidates provided by the Executive Director of  
58 the Mississippi Rural Water Association. The Executive Director  
59 of the Mississippi Rural Water Association shall provide the  
60 Governor a list of candidates which shall contain a minimum of  
61 three (3) candidates for each appointment.

62 (ii) Nonappointed members of the board may  
63 designate another representative of their agency or association to  
64 serve as an alternate.

65 (iii) The gubernatorial appointee shall serve a  
66 term concurrent with the term of the Governor and until a  
67 successor is appointed and qualified. No member, officer or  
68 employee of the Board of Directors of the Mississippi Rural Water  
69 Association shall be eligible for appointment.

70           (c) The department, if requested by the board, shall  
71 furnish the board with facilities and staff as needed to  
72 administer this section. The department may contract, upon  
73 approval by the board, for those facilities and staff needed to  
74 administer this section, including routine management, as it deems  
75 necessary. The board may advertise for or solicit proposals from  
76 public or private sources, or both, for administration of this  
77 section or any services required for administration of this  
78 section or any portion thereof. It is the intent of the  
79 Legislature that the board endeavor to ensure that the costs of  
80 administration of this section are as low as possible in order to  
81 provide the water consumers of Mississippi safe drinking water at  
82 affordable prices.

83           (d) Members of the board may not receive any salary,  
84 compensation or per diem for the performance of their duties under  
85 this section.

86           (2) (a) There is created a special fund in the State  
87 Treasury to be designated as the "Local Governments and Rural  
88 Water Systems Improvements Revolving Loan Fund," referred to in  
89 this section as "revolving fund," which fund shall consist of  
90 those monies as provided in Sections 6 and 13 of Chapter 521, Laws  
91 of 1995. The revolving fund may receive appropriations, bond  
92 proceeds, grants, gifts, donations or funds from any source,  
93 public or private. The revolving fund shall be credited with all  
94 repayments of principal and interest derived from loans made from  
95 the revolving fund. The monies in the revolving fund may be  
96 expended only in amounts appropriated by the Legislature, and the  
97 different amounts specifically provided for the loan program and  
98 the grant program shall be so designated. Monies in the fund may  
99 only be expended for the grant program from the amount designated  
100 for such program. The revolving fund shall be maintained in  
101 perpetuity for the purposes established in this section and  
102 Sections 6 through 20 of Chapter 521, Laws of 1995. Unexpended

103 amounts remaining in the revolving fund at the end of a fiscal  
104 year shall not lapse into the State General Fund, and any interest  
105 earned on amounts in the revolving fund shall be deposited to the  
106 credit of the fund. Monies in the revolving fund may not be used  
107 or expended for any purpose except as authorized under this  
108 section and Sections 6 through 20 of Chapter 521, Laws of 1995.  
109 Any monies in the fund may be used to match any federal funds that  
110 are available for the same or related purposes for which funds are  
111 used and expended under this section and Sections 6 through 20 of  
112 Chapter 521, Laws of 1995. Any federal funds shall be used and  
113 expended only in accordance with federal laws, rules and  
114 regulations governing the expenditure of those funds. No person  
115 shall use any monies from the revolving fund for the acquisition  
116 of real property or any interest in real property unless that  
117 property is integral to the project funded under this section and  
118 the purchase is made from a willing seller. No county,  
119 incorporated municipality or district shall acquire any real  
120 property or any interest in any real property for a project funded  
121 through the revolving fund by condemnation. The board's  
122 application of Sections 43-37-1 through 43-37-13 shall be no more  
123 stringent or extensive in scope, coverage and effect than federal  
124 property acquisition laws and regulations.

125           (b) There is created a special fund in the State  
126 Treasury to be designated as the "Local Governments and Rural  
127 Water Systems Emergency Loan Fund," hereinafter referred to as  
128 "emergency fund," which fund shall consist of those monies as  
129 provided in Sections 6 and 13 of Chapter 521, Laws of 1995. The  
130 emergency fund may receive appropriations, bond proceeds, grants,  
131 gifts, donations or funds from any source, public or private. The  
132 emergency fund shall be credited with all repayments of principal  
133 and interest derived from loans made from the emergency fund. The  
134 monies in the emergency fund may be expended only in amounts  
135 appropriated by the Legislature. The emergency fund shall be

136 maintained in perpetuity for the purposes established in this  
137 section and Section 6 of Chapter 521, Laws of 1995. Unexpended  
138 amounts remaining in the emergency fund at the end of a fiscal  
139 year shall not lapse into the State General Fund. Any interest  
140 earned on amounts in the emergency fund shall be deposited to the  
141 credit of the fund. Monies in the emergency fund may not be used  
142 or expended for any purpose except as authorized under this  
143 section and Section 6 of Chapter 521, Laws of 1995.

144 (c) The board created in subsection (1) shall establish  
145 loan and grant programs by which loans and grants may be made  
146 available to counties, incorporated municipalities, districts or  
147 other water organizations that have been granted tax exempt status  
148 under either federal or state law, to assist those counties,  
149 incorporated municipalities, districts or water organizations in  
150 making water systems improvements, including the construction of  
151 new water systems or expansion or repair of existing water  
152 systems. Any entity eligible under this section may receive  
153 either a loan or a grant, or both. No grant awarded under the  
154 program established in this section may be made using funds from  
155 the loan program. Grants may be awarded only when the Legislature  
156 specifically appropriates funds for that particular purpose. The  
157 interest rate on those loans may vary from time to time and from  
158 loan to loan, and will be at or below market interest rates as  
159 determined by the board. The board shall act as quickly as is  
160 practicable and prudent in deciding on any loan request that it  
161 receives. Loans from the revolving fund or emergency fund may be  
162 made to counties, incorporated municipalities, districts or other  
163 water organizations that have been granted tax exempt status under  
164 either federal or state law, as set forth in a loan agreement in  
165 amounts not to exceed one hundred percent (100%) of eligible  
166 project costs as established by the board. The board may require  
167 county, municipal, district or other water organization  
168 participation or funding from other sources, or otherwise limit

169 the percentage of costs covered by loans from the revolving fund  
170 or the emergency fund. The maximum amount for any loan from the  
171 emergency fund shall be Five Hundred Thousand Dollars  
172 (\$500,000.00), and the maximum amount for any loan from the  
173 revolving fund shall be One Million Five Hundred Thousand Dollars  
174 (\$1,500,000.00).

175 (d) A county that receives a loan from the revolving  
176 fund or the emergency fund shall pledge for repayment of the loan  
177 any part of the homestead exemption annual tax loss reimbursement  
178 to which it may be entitled under Section 27-33-77, as may be  
179 required to meet the repayment schedule contained in the loan  
180 agreement. An incorporated municipality that receives a loan from  
181 the revolving fund or the emergency fund shall pledge for  
182 repayment of the loan any part of the sales tax revenue  
183 distribution to which it may be entitled under Section 27-65-75,  
184 as may be required to meet the repayment schedule contained in the  
185 loan agreement. All recipients of such loans shall establish a  
186 dedicated source of revenue for repayment of the loan. Before any  
187 county or incorporated municipality shall receive any loan, it  
188 shall have executed with the State Tax Commission and the board a  
189 loan agreement evidencing that loan. The loan agreement shall not  
190 be construed to prohibit any recipient from prepaying any part or  
191 all of the funds received. The repayment schedule in each loan  
192 agreement shall provide for (i) monthly payments, (ii) semiannual  
193 payments or (iii) other periodic payments, the annual total of  
194 which shall not exceed the annual total for any other year of the  
195 loan by more than fifteen percent (15%). Except as otherwise  
196 provided in subsection (4) of this section, the loan agreement  
197 shall provide for the repayment of all funds received from the  
198 revolving fund within not more than fifteen (15) years or a term  
199 as otherwise allowed by the federal Safe Drinking Water Act, and  
200 all funds received from the emergency fund within not more than  
201 five (5) years from the date of project completion, and any

202 repayment shall commence not later than one (1) year after project  
203 completion. The State Tax Commission shall withhold semiannually  
204 from counties and monthly from incorporated municipalities from  
205 the amount to be remitted to the county or municipality, a sum  
206 equal to the next repayment as provided in the loan agreement.

207 (e) Any county, incorporated municipality, district or  
208 other water organization desiring to construct a project approved  
209 by the board which receives a loan from the state for that purpose  
210 but which is not eligible to pledge for repayment under the  
211 provisions of paragraph (d) of this subsection, shall repay that  
212 loan by making payments each month to the State Treasurer through  
213 the Department of Finance and Administration for and on behalf of  
214 the board according to Section 7-7-15, to be credited to either  
215 the revolving fund or the emergency fund, whichever is  
216 appropriate, in lieu of pledging homestead exemption annual tax  
217 loss reimbursement or sales tax revenue distribution.

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

221 (f) Any district created pursuant to Sections 19-5-151  
222 through 19-5-207 that receives a loan from the revolving fund or  
223 the emergency fund shall pledge for repayment of the loan any part  
224 of the revenues received by that district pursuant to Sections  
225 19-5-151 through 19-5-207, as may be required to meet the  
226 repayment schedule contained in the loan agreement.

227 (g) The State Auditor, upon request of the board, shall  
228 audit the receipts and expenditures of a county, an incorporated  
229 municipality, district or other water organization whose loan  
230 repayments appear to be in arrears, and if the Auditor finds that  
231 the county, incorporated municipality, district or other water  
232 organization is in arrears in those repayments, the Auditor shall  
233 immediately notify the chairman of the board who may take any  
234 action as may be necessary to enforce the terms of the loan

235 agreement, including liquidation and enforcement of the security  
236 given for repayment of the loan, and the Executive Director of the  
237 Department of Finance and Administration who shall withhold all  
238 future payments to the county of homestead exemption annual tax  
239 loss reimbursements under Section 27-33-77 and all sums allocated  
240 to the county or the incorporated municipality under Section  
241 27-65-75 until such time as the county or the incorporated  
242 municipality is again current in its loan repayments as certified  
243 by the board.

244           (h) All monies deposited in the revolving fund or the  
245 emergency fund, including loan repayments and interest earned on  
246 those repayments, shall be used only for providing loans or other  
247 financial assistance to water systems as the board deems  
248 appropriate. In addition, any amounts in the revolving fund or  
249 the emergency fund may be used to defray the reasonable costs of  
250 administering the revolving fund or the emergency fund and  
251 conducting activities under this section and Sections 6 through 20  
252 of Chapter 521, Laws of 1995, subject to any limitations  
253 established in the federal Safe Drinking Water Act, as amended and  
254 subject to annual appropriation by the Legislature. The  
255 department is authorized, upon approval by the board, to use  
256 amounts available to it from the revolving fund or the emergency  
257 fund to contract for those facilities and staff needed to  
258 administer and provide routine management for the funds and loan  
259 program.

260           (3) In administering this section and Sections 6 through 20  
261 of Chapter 521, Laws of 1995, the board created in subsection (1)  
262 of this section shall have the following powers and duties:

263           (a) To supervise the use of all funds made available  
264 under this section and Sections 6 through 20 of Chapter 521, Laws  
265 of 1995, for local governments and rural water systems  
266 improvements;



267           (b) To promulgate rules and regulations, to make  
268 variances and exceptions thereto, and to establish procedures in  
269 accordance with this section and Sections 6 through 20 of Chapter  
270 521, Laws of 1995, for the implementation of the local governments  
271 and rural water systems improvements revolving loan program;

272           (c) To require, at the board's discretion, any loan or  
273 grant recipient to impose a per connection fee or surcharge or  
274 amended water rate schedule or tariff on each customer or any  
275 class of customers, benefiting from an improvement financed by a  
276 loan or grant made under this section, for repayment of any loan  
277 funds provided under this section and Sections 6 through 20 of  
278 Chapter 521, Laws of 1995. The board may require any loan or  
279 grant recipient to undergo a water system viability analysis and  
280 may require a loan or grant recipient to implement any result of  
281 the viability analysis. If the loan recipient fails to implement  
282 any result of a viability analysis as required by the board, the  
283 board may impose a monetary penalty or increase the interest rate  
284 on the loan, or both. If the grant recipient fails to implement  
285 any result of a viability analysis as required by the board, the  
286 board may impose a monetary penalty on the grant;

287           (d) To review and certify all projects for which funds  
288 are authorized to be made available under this section and  
289 Sections 6 through 20 of Chapter 521, Laws of 1995, for local  
290 governments and rural water systems improvements;

291           (e) To requisition monies in the Local Governments and  
292 Rural Water Systems Improvements Revolving Loan Fund and the Local  
293 Governments and Rural Water Systems Emergency Loan Fund and  
294 distribute those monies on a project-by-project basis in  
295 accordance with this section;

296           (f) To ensure that the funds made available under this  
297 section and Sections 6 through 20 of Chapter 521, Laws of 1995, to  
298 a county, an incorporated municipality, a district or a water  
299 organization that has been granted tax exempt status under either

300 federal or state law provide for a distribution of projects and  
301 funds among the entities under a priority system established by  
302 the board;

303 (g) To maintain in accordance with generally accepted  
304 government accounting standards an accurate record of all monies  
305 in the revolving fund and the emergency fund made available to  
306 counties, incorporated municipalities, districts or other water  
307 organizations under this section and Sections 6 through 20 of  
308 Chapter 521, Laws of 1995, and the costs for each project;

309 (h) To establish policies, procedures and requirements  
310 concerning viability and financial capability to repay loans that  
311 may be used in approving loans available under this section,  
312 including a requirement that all loan recipients have a rate  
313 structure which will be sufficient to cover the costs of  
314 operation, maintenance, major equipment replacement and repayment  
315 of any loans made under this section; and

316 (i) To file annually with the Legislature a report  
317 detailing how monies in the Local Governments and Rural Water  
318 Systems Improvements Revolving Loan Fund and the Local Governments  
319 and Rural Water Systems Emergency Loan Fund were spent during the  
320 preceding fiscal year in each county, incorporated municipality,  
321 district or other water organization, the number of projects  
322 approved and constructed, and the cost of each project.

323 For efficient and effective administration of the loan  
324 program, revolving fund and emergency fund, the board may  
325 authorize the department or the State Health Officer to carry out  
326 any or all of the powers and duties enumerated above.

327 (4) The board shall to the extent allowed by federal law,  
328 renegotiate the payment of principal and interest on loans made  
329 under this section to the six (6) most southern counties of the  
330 state covered by the Presidential Declaration of Major Disaster  
331 for the State of Mississippi (FEMA-1604-DR) dated August 29, 2005,  
332 and to incorporated municipalities, districts or other water

333 organizations located in such counties, in such a manner that the  
334 repayment of the principal and interest on such a loan shall be  
335 held in abeyance until the provisions of this section are amended  
336 by the Mississippi State Legislature to provide otherwise,  
337 provided that the borrower is unable to pay the principal and  
338 interest on the loan because of the destruction of or damage to  
339 improvements or structures caused by Hurricane Katrina, or because  
340 of economic conditions brought about by the effects of Hurricane  
341 Katrina.

342       **SECTION 2.** Section 49-17-65, Mississippi Code of 1972, is  
343 amended as follows:

344       49-17-65. (1) Any political subdivision desiring to  
345 construct a waste disposal plant approved by the Office of  
346 Pollution Control of the Department of Environmental Quality, and  
347 which receives a loan from the state for that purpose, shall  
348 pledge for the repayment of such loan that part of the sales tax  
349 reimbursement to which it is entitled under Section 27-65-75 as  
350 may be required to meet a repayment schedule adopted by the State  
351 Tax Commission. The repayment schedule shall provide for monthly  
352 payments, the largest of which shall not exceed the average  
353 monthly payment for the term of years of the contract by more than  
354 fifteen percent (15%). The repayment schedule shall provide for  
355 the repayment of all funds received within not more than twenty  
356 (20) years from the date said loan is actually received by the  
357 political subdivision; however, the repayment schedule and the  
358 time for repayment of all funds received on loans renegotiated  
359 under subsection (6) of this section shall be modified by the  
360 State Tax Commission to conform with the terms of the renegotiated  
361 loan. The State Tax Commission shall withhold monthly from the  
362 amount to be remitted to a political subdivision, a sum equal to  
363 the next monthly payment.

364       (2) When bonds shall have been issued by the State of  
365 Mississippi to generate funds to be used for loans to be made

366 under the provisions of Section 49-17-61, all payments made in  
367 repayment under this section shall be deposited into the Water  
368 Pollution Abatement Bond Fund established under the provisions of  
369 Section 49-17-61 so long as any such bonds shall be outstanding  
370 and unpaid.

371 (3) When all the bonds shall have been paid, such payments  
372 shall be deposited in the Water Pollution Abatement Loan Fund  
373 ("loan fund") established under the provisions of Section  
374 49-17-61.

375 (4) When no such bonds shall be outstanding and unpaid, the  
376 payments shall be deposited in the loan fund.

377 (5) Funds on deposit in the loan fund may be used to make  
378 loans in aid of construction for water pollution abatement upon  
379 appropriation by the Legislature.

380 (6) The Department of Environmental Quality shall  
381 renegotiate the payment of principal on loans made under Sections  
382 49-17-61 through 49-17-70 to political subdivisions located in the  
383 six (6) most southern counties of the state covered by the  
384 Presidential Declaration of Major Disaster for the State of  
385 Mississippi (FEMA-1604-DR) dated August 29, 2005, in such a manner  
386 that the repayment of the principal and interest on such a loan  
387 shall be held in abeyance until the provisions of this section are  
388 amended by the Mississippi State Legislature to provide otherwise,  
389 provided that the borrower is unable to pay the principal and  
390 interest on the loan because of the destruction of or damage to  
391 improvements or structures caused by Hurricane Katrina, or because  
392 of economic conditions brought about by the effects of Hurricane  
393 Katrina.

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

396 49-17-69. (1) Any political subdivision desiring to  
397 construct a waste disposal plant approved by the Office of  
398 Pollution Control of the Department of Environmental Quality and

399 which receives a loan from the state for that purpose but which is  
400 not eligible to pledge for repayment under the provisions of  
401 Sections 49-17-65 and 49-17-67, shall repay the loan by making  
402 payments each month to the State Treasurer through the Department  
403 of Environmental Quality according to the provisions of Section  
404 7-7-15, to be credited to the appropriate fund in lieu of pledging  
405 sales tax reimbursements.

406 (2) The repayment shall be according to a schedule prepared  
407 by the State Tax Commission in the same manner as such schedules  
408 are prepared for the state's other political subdivisions. The  
409 repayment schedule shall provide for monthly payments, the largest  
410 of which shall not exceed the average monthly payment for the term  
411 of years of the contract by more than fifteen percent (15%). The  
412 repayment schedule shall provide for the repayment of all funds  
413 received within no more than twenty (20) years from the date the  
414 loan is actually received by the political subdivision; however,  
415 the holding in abeyance of the repayment schedule and the time for  
416 repayment of all funds received on loans renegotiated under  
417 Section 49-17-61(6) shall be modified by the State Tax Commission  
418 to conform with the same. The political subdivision shall remit  
419 its monthly payment by the twentieth of the month to the  
420 Department of Environmental Quality and the payments shall be made  
421 prior to the payments of principal or interest on any bonds issued  
422 by the political subdivision in connection with the project or  
423 projects to which the pollution abatement loans are made.

424 (3) The State Auditor shall annually audit the receipts and  
425 expenditures of each district whose monthly payments are to be  
426 received by him, and if he should find such political subdivision  
427 in arrears for two (2) consecutive years, he shall immediately  
428 begin withholding from funds due the taxing district in which the  
429 political subdivision is located, under the provisions of Section  
430 27-33-41(g) and (h), an amount equal to twelve (12) times the

431 largest monthly payment due and issue his warrant for such amount  
432 to either one (1) of the two (2) special funds as directed below.

433 (4) The repayment schedule provided for in this section  
434 shall not be construed to prohibit any recipient from prepaying  
435 any part or all of the funds received.

436 (5) When bonds shall have been issued by the State of  
437 Mississippi to generate funds to be used for loans to be made  
438 under the provisions of Section 49-17-61, all payments made in  
439 repayment under this section shall be deposited into the Water  
440 Pollution Abatement Bond Fund established under the provisions of  
441 Section 49-17-61 so long as any such bonds shall be outstanding  
442 and unpaid.

443 (6) When all such bonds shall have been paid, the payments  
444 shall be deposited in the Water Pollution Abatement Loan Fund  
445 ("loan fund") established under the provisions of Section  
446 49-17-61.

447 (7) When no such bonds shall be outstanding and unpaid, the  
448 payments shall be deposited in the loan fund.

449 (8) Funds on deposit in the loan fund may be used to make  
450 loans in aid of construction for water pollution abatement upon  
451 appropriation by the Legislature.

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

454 49-17-85. (1) There is established in the State Treasury a  
455 fund to be known as the "Water Pollution Control Revolving Fund"  
456 which shall be administered by the commission acting through the  
457 department. The revolving fund may receive bond proceeds and  
458 funds appropriated or otherwise made available by the Legislature  
459 in any manner and funds from any other source, public or private.  
460 The revolving fund shall be maintained in perpetuity for the  
461 purposes established in this section.

462 (2) There is established in the State Treasury a fund to be  
463 known as the "Water Pollution Control Hardship Grants Fund," which

464 shall be administered by the commission acting through the  
465 department. The grants fund shall be maintained in perpetuity for  
466 the purposes established in this section. Any interest earned on  
467 monies in the grants fund shall be credited to that fund.

468 (3) The commission shall promulgate regulations for the  
469 administration of the revolving fund program, the hardship grants  
470 program and for related programs authorized under this section.  
471 The regulations shall be in accordance with the federal Water  
472 Quality Act of 1987, as amended and regulations and guidance  
473 issued under that act. The commission may enter into  
474 capitalization grant agreements with the United States  
475 Environmental Protection Agency and may accept capitalization  
476 grant awards made under Title VI of the Water Quality Act of 1987,  
477 as amended.

478 (4) The commission shall establish a loan program which  
479 shall commence after October 1, 1988, to assist political  
480 subdivisions in the construction of water pollution control  
481 projects. Loans from the revolving fund may be made to political  
482 subdivisions as set forth in a loan agreement in amounts not  
483 exceeding one hundred percent (100%) of eligible project costs as  
484 established by the commission. Notwithstanding loan amount  
485 limitations set forth in Section 49-17-61, the commission may  
486 require local participation or funding from other sources, or  
487 otherwise limit the percentage of costs covered by loans from the  
488 revolving fund. The commission may establish a maximum amount for  
489 any loan in order to provide for broad and equitable participation  
490 in the program.

491 (5) The commission shall establish a hardship grants program  
492 for rural communities, which shall commence after July 1, 1997, to  
493 assist severely economically disadvantaged small rural political  
494 subdivisions in the construction of water pollution control  
495 projects. The commission may receive and administer state or  
496 federal funds, or both, appropriated for the operation of this

497 grants program and may take all actions necessary to implement the  
498 program in accordance with the federal hardship grants program.  
499 The hardship grants program shall operate in conjunction with the  
500 revolving loan program administered under this section.

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

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

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

508 (i) The loans are made at or below market interest  
509 rates, at terms not to exceed the maximum time allowed by federal  
510 law after project completion; the interest rate and term may vary  
511 from time to time and from loan to loan at the discretion of the  
512 commission;

513 (ii) Periodic principal and interest payments will  
514 commence when required by the commission but not later than one  
515 (1) year after project completion and all loans will be fully  
516 amortized when required by the commission but not later than the  
517 maximum time allowed by federal law after project completion;

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

520 (b) To buy or refinance the debt obligation of  
521 political subdivisions at or below market rates, where the debt  
522 obligations were incurred after March 7, 1985, and where the  
523 projects were constructed in compliance with applicable federal  
524 and state regulations;

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

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



530           (e) To earn interest on fund accounts;

531           (f) To establish nonpoint source pollution control  
532 management programs;

533           (g) To establish estuary conservation and management  
534 programs;

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

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

544       (8) The hardship grants program shall be used only to  
545 provide hardship grants consistent with the federal hardship  
546 grants program for rural communities, regulations and guidance  
547 issued by the United States Environmental Protection Agency,  
548 subsections (3) and (5) of this section and regulations  
549 promulgated and guidance issued by the commission under this  
550 section.

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

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

557       (11) The revolving fund shall be credited with all payments  
558 of principal and interest derived from the fund uses described in  
559 subsection (7) of this section. However, notwithstanding any  
560 other provision of law to the contrary, all or any portion of  
561 payments of principal and interest derived from the fund uses  
562 described in subsection (7) of this section may be designated or

563 pledged for repayment of a loan as provided for in Section  
564 31-25-28 in connection with a loan from the Mississippi  
565 Development Bank.

566 (12) The commission may establish and collect fees to defray  
567 the reasonable costs of administering the revolving fund if it  
568 determines that the administrative costs will exceed the  
569 limitations established in Section 603(d)(7) of Title VI of the  
570 federal Clean Water Act, as amended. The administration fees may  
571 be included in loan amounts to political subdivisions for the  
572 purpose of facilitating payment to the commission. The fees may  
573 not exceed five percent (5%) of the loan amount.

574 (13) The commission shall, to the extent allowed by federal  
575 law, renegotiate the payment of principal and interest on loans  
576 made under this section to the six (6) most southern counties of  
577 the state covered by the Presidential Declaration of Major  
578 Disaster for the State of Mississippi (FEMA-1604-DR) dated August  
579 29, 2005, and to political subdivisions located in such counties,  
580 in such a manner that the repayment of the principal and interest  
581 on such a loan shall be held in abeyance until the provisions of  
582 this section are amended by the Mississippi State Legislature to  
583 provide otherwise, provided that the borrower is unable to pay the  
584 principal and interest on the loan because of the destruction of  
585 or damage to improvements or structures caused by Hurricane  
586 Katrina, or because of economic conditions brought about by the  
587 effects of Hurricane Katrina.

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

590 49-17-86. (1) (a) There is created a fund in the State  
591 Treasury to be designated as the "Water Pollution Control  
592 Emergency Loan Fund" hereinafter referred to as "emergency fund."

593 (b) The emergency fund may receive appropriations, bond  
594 proceeds, grants, gifts, donations or funds from any source,  
595 public or private. The emergency fund shall be credited with all

596 repayments of principal and interest derived from loans made from  
597 the emergency fund.

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

600 (d) The emergency fund shall be maintained in  
601 perpetuity for the purposes established in Sections 49-17-81  
602 through 49-17-89. Unexpended amounts remaining in the emergency  
603 fund at the end of a fiscal year shall not lapse into the State  
604 General Fund. Any interest earned on amounts in the emergency  
605 fund shall be deposited to the credit of the fund.

606 (2) The commission shall establish a loan program to assist  
607 political subdivisions in making emergency improvements such as  
608 repairs to or replacement of machinery, equipment, materials,  
609 structures or devices in existing water pollution abatement  
610 projects or such other emergency water pollution abatement  
611 projects as the commission deems necessary. Loans from the  
612 emergency fund may be made to political subdivisions as set forth  
613 in a loan agreement in amounts not exceeding one hundred percent  
614 (100%) of eligible project costs as established by the commission.  
615 The commission may require local participation or funding from  
616 other sources, or otherwise limit the percentage of costs covered  
617 by loans from the emergency fund. The commission may establish a  
618 maximum amount for any loan not to exceed Three Hundred Fifty  
619 Thousand Dollars (\$350,000.00).

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

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

623 (i) Loans are made at or below market interest  
624 rates, at terms not to exceed ten (10) years after project  
625 completion; the interest rate may vary from time to time and from  
626 loan to loan at the discretion of the commission.

627 (ii) Periodic principal and interest payments will  
628 commence when required by the commission but not later than one

629 (1) year after project completion and all loans will be fully  
630 amortized when required by the commission but not later than ten  
631 (10) years after project completion.

632 (iii) The recipient of a loan shall establish a  
633 dedicated source of revenue for repayment of loans. In addition,  
634 the commission may require any loan recipient to impose a per  
635 connection surcharge on each customer for repayment of any loan  
636 funds provided under this section.

637 (iv) The recipient of the loan is not in arrears  
638 in repayments to the Water Pollution Control Revolving Fund, the  
639 Water Pollution Control Emergency Loan Fund or under the Water  
640 Pollution Abatement Loan Program.

641 (b) To provide financial assistance to political  
642 subdivisions in making emergency improvements such as repairs to  
643 or replacement of machinery, equipment, materials, structures or  
644 devices in existing water pollution abatement projects or such  
645 other emergency water pollution abatement projects as the  
646 commission deems necessary.

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

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

653 (5) The fund will be credited with all payments of principal  
654 and interest derived from the fund uses described in subsection  
655 (3) of this section. However, notwithstanding any other provision  
656 of law to the contrary, all or any portion of payments of  
657 principal and interest derived from the fund uses described in  
658 subsection (3) of this section may be designated or pledged for  
659 repayment of a loan as provided for in Section 31-25-28 in  
660 connection with a loan from the Mississippi Development Bank.

661 (6) In addition to any amounts allowed under subsection  
662 (3)(c), the commission may establish and collect fees to further  
663 defray the reasonable costs of administering the emergency fund.  
664 Any administrative fees may be included in loan amounts to  
665 political subdivisions for the purpose of facilitating payment to  
666 the commission; fees may not exceed five percent (5%) of the loan  
667 amount. The commission may also use administrative fees collected  
668 pursuant to Section 49-17-85 to defray the reasonable costs of  
669 administering the emergency fund.

670 (7) The board shall renegotiate the payment of principal and  
671 interest on loans made under this section to the six (6) most  
672 southern counties of the state covered by the Presidential  
673 Declaration of Major Disaster for the State of Mississippi  
674 (FEMA-1604-DR) dated August 29, 2005, and to political  
675 subdivisions located in such counties, in such a manner that the  
676 repayment of the principal and interest on such a loan shall be  
677 held in abeyance until the provisions of this section are amended  
678 by the Mississippi State Legislature to provide otherwise,  
679 provided that the borrower is unable to pay the principal and  
680 interest on the loan because of the destruction of or damage to  
681 improvements or structures caused by Hurricane Katrina, or because  
682 of economic conditions brought about by the effects of Hurricane  
683 Katrina.

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

686 57-1-303. (1) (a) (i) There is created a special fund in  
687 the State Treasury to be designated as the "Local Governments  
688 Capital Improvements Revolving Loan Fund," which fund shall  
689 consist of such monies as provided in Sections 57-1-307 through  
690 57-1-335. The fund shall be maintained in perpetuity for the  
691 purposes established in Sections 57-1-301 through 57-1-335.  
692 Unexpended amounts remaining in the fund at the end of a fiscal  
693 year shall not lapse into the State General Fund, and any interest

694 earned on amounts in the fund shall be deposited to the credit of  
695 the fund. Monies in the fund may not be used or expended for any  
696 purpose except as authorized under Sections 57-1-301 through  
697 57-1-335.

698           (ii) Monies in the Local Governments Capital  
699 Improvements Revolving Loan Fund which are derived from interest  
700 on loan payments received by the Mississippi Development Authority  
701 after January 1, 2002, for loans funded with proceeds of bonds  
702 whose interest is not exempt from income taxation under the  
703 provisions of the Internal Revenue Code may be used by the  
704 Mississippi Development Authority for the ordinary and necessary  
705 general support of the Mississippi Development Authority.  
706 However, such monies may not be used for the purpose of providing  
707 salary increases for Mississippi Development Authority employees.  
708 The Mississippi Development Authority may escalate its budget and  
709 expend such monies in accordance with rules and regulations of the  
710 Department of Finance and Administration in a manner consistent  
711 with the escalation of federal funds. This subparagraph (ii)  
712 shall be repealed from and after July 1, 2007.

713           (b) The Local Governments Capital Improvements  
714 Revolving Loan Fund shall be divided into the Taxable Local  
715 Governments Capital Improvements Revolving Loan Subaccount and the  
716 Nontaxable Local Governments Capital Improvements Revolving Loan  
717 Subaccount. Funds allocated to the Nontaxable Local Governments  
718 Capital Improvements Revolving Loan Subaccount shall be utilized  
719 to provide loans for capital improvements that would qualify for  
720 the issuance of bonds whose interest is exempt from income  
721 taxation under the provisions of the Internal Revenue Code. Funds  
722 allocated to the Taxable Local Governments Capital Improvements  
723 Revolving Loan Subaccount shall be utilized to provide loans for  
724 any eligible capital improvements, including, but not limited to,  
725 capital improvements that would qualify for the issuance of bonds

726 whose interest is exempt from income taxation under the provisions  
727 of the Internal Revenue Code.

728 (c) Of the funds deposited into the Local Governments  
729 Capital Improvements Revolving Loan Fund, not less than  
730 Twenty-five Million Dollars (\$25,000,000.00) shall be allocated to  
731 the Nontaxable Local Governments Capital Improvements Revolving  
732 Loan Subaccount, and the remainder of such funds shall be  
733 allocated to the Taxable Local Governments Capital Improvements  
734 Revolving Loan Subaccount.

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

739 (3) (a) The Mississippi Development Authority shall  
740 establish a loan program by which loans, at the rate of interest  
741 provided for in paragraph (b) of this subsection, may be made  
742 available to counties and incorporated municipalities to assist  
743 counties and incorporated municipalities in making capital  
744 improvements. Loans from the revolving fund may be made to  
745 counties and municipalities as set forth in a loan agreement in  
746 amounts not to exceed one hundred percent (100%) of eligible  
747 project costs as established by the Mississippi Development  
748 Authority. The Mississippi Development Authority may require  
749 county or municipal participation or funding from other sources,  
750 or otherwise limit the percentage of costs covered by loans from  
751 the revolving fund. The Mississippi Development Authority may  
752 establish a maximum amount for any loan in order to provide for  
753 broad and equitable participation in the program and loans for  
754 projects described in Section 57-1-301(1)(m) shall not exceed Two  
755 Hundred Fifty Thousand Dollars (\$250,000.00) per project.

756 (b) (i) Except as otherwise provided in this paragraph  
757 (b), the rate of interest on loans made from the Local Governments  
758 Capital Improvements Revolving Loan Fund for capital improvements

759 that would qualify for the issuance of bonds whose interest is  
760 exempt from income taxation under the provisions of the Internal  
761 Revenue Code shall be at the rate of three percent (3%) per annum,  
762 calculated according to the actuarial method. The rate of  
763 interest on loans for all other capital improvements shall be at  
764 the true interest cost on the most recent issue of twenty-year  
765 state general obligation bonds occurring prior to the date such  
766 loan is made.

767 (ii) The rate of interest on loans made after  
768 April 9, 2002, from the Local Governments Capital Improvements  
769 Revolving Loan Fund for capital improvements that would qualify  
770 for the issuance of bonds whose interest is exempt from income  
771 taxation under the provisions of the Internal Revenue Code shall  
772 be at the rate of two percent (2%) per annum, calculated according  
773 to the actuarial method. The rate of interest on loans made after  
774 April 9, 2002, for all other capital improvements shall be at the  
775 rate of three percent (3%) per annum, calculated according to the  
776 actuarial method.

777 (iii) Notwithstanding the provisions of this  
778 paragraph to the contrary, loans made for the purposes of the  
779 capital project described in Section 57-1-301(2)(1) shall bear no  
780 interest.

781 (4) A county that receives a loan from the revolving fund  
782 shall pledge for repayment of the loan any part of the homestead  
783 exemption annual tax loss reimbursement to which it may be  
784 entitled under Section 27-33-77. An incorporated municipality  
785 that receives a loan from the revolving fund shall pledge for  
786 repayment of the loan any part of the sales tax revenue  
787 distribution to which it may be entitled under Section 27-65-75.  
788 Each loan agreement shall provide for (i) monthly payments, (ii)  
789 semiannual payments, or (iii) other periodic payments, the annual  
790 total of which shall not exceed the annual total for any other  
791 year of the loan by more than fifteen percent (15%). The loan



792 agreement shall provide for the repayment of all funds received  
793 within not more than twenty (20) years from the date of project  
794 completion.

795 (5) The State Auditor, upon request of the Mississippi  
796 Development Authority, shall audit the receipts and expenditures  
797 of a county or an incorporated municipality whose loan payments  
798 appear to be in arrears, and if he finds that the county or  
799 municipality is in arrears in such payments, he shall immediately  
800 notify the Executive Director of the Department of Finance and  
801 Administration who shall withhold all future payments to the  
802 county of homestead exemption reimbursements under Section  
803 27-33-77 and all sums allocated to the county or the municipality  
804 under Section 27-65-75 until such time as the county or the  
805 municipality is again current in its loan payments as certified by  
806 the Mississippi Development Authority.

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

811 (7) There is created a special fund in the State Treasury to  
812 be designated as the "Local Governments Brownfields Redevelopment  
813 Grant Fund." The fund shall consist of those monies as provided  
814 in Section 57-1-307. The fund shall be maintained in perpetuity  
815 for the purposes established in this section. Unexpended amounts  
816 remaining in the fund at the end of the fiscal year shall not  
817 lapse into the State General Fund, and any interest earned on  
818 amounts in the fund shall be deposited to the credit of the fund.  
819 Monies in the fund may not be used or expended for any purpose  
820 except as authorized in this section.

821 (8) (a) The Mississippi Development Authority shall  
822 establish a local governments brownfields redevelopment grant  
823 program to provide funds to counties and incorporated  
824 municipalities for coordination of activities related to

825 brownfields redevelopment. Activities eligible for funding under  
826 this program include identification of brownfield sites, site  
827 assessments that have been conducted in accordance with Sections  
828 49-35-1 through 49-35-25, and development of remedial action plans  
829 that have been conducted in accordance with Sections 49-35-1  
830 through 49-35-25. The implementation of remedial action plans or  
831 site remediation and post-remediation monitoring shall not be  
832 considered eligible activities. The authority shall provide  
833 grants to counties or incorporated municipalities, if the county  
834 or incorporated municipality demonstrates and the authority  
835 determines that following remediation the site will be directly  
836 associated with the creation or retention of jobs.

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

840 (c) Grant amounts shall not exceed seventy-five percent  
841 (75%) of the total project amount. The remaining twenty-five  
842 percent (25%) shall be provided by the county or incorporated  
843 municipality as local matching funds.

844 (9) The Mississippi Development Authority shall renegotiate  
845 the payment of principal and interest on loans made under Sections  
846 57-1-301 through 57-1-335 to the six (6) most southern counties of  
847 the state covered by the Presidential Declaration of Major  
848 Disaster for the State of Mississippi (FEMA-1604-DR) dated August  
849 29, 2005, and to political subdivisions located in such counties,  
850 in such a manner that the repayment of the principal and interest  
851 on such a loan shall be held in abeyance until the provisions of  
852 this section are amended by the Mississippi State Legislature to  
853 provide otherwise, provided that the borrower is unable to pay the  
854 principal and interest on the loan because of the destruction of  
855 or damage to improvements or structures caused by Hurricane  
856 Katrina, or because of economic conditions brought about by the  
857 effects of Hurricane Katrina.

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

860           57-44-7. (1) There is created a special fund in the State  
861 Treasury to be designated as the "Local Governments Freight Rail  
862 Service Project Revolving Loan Fund," which fund shall consist of  
863 such monies as provided in Sections 57-44-11 through 57-44-39.  
864 The fund shall be maintained in perpetuity for the purposes  
865 established in this chapter. Unexpended amounts remaining in the  
866 fund at the end of a fiscal year shall not lapse into the State  
867 General Fund, and any interest earned on amounts in the fund shall  
868 be deposited to the credit of the fund. Monies in the fund may  
869 not be used or expended for any purpose except as authorized under  
870 this chapter. However, the Mississippi Development Authority, in  
871 order to promote the safety of the general public, shall establish  
872 a program to permit monies from the Local Governments Freight Rail  
873 Service Project Revolving Loan Fund to be provided to counties in  
874 the form of grants to assist counties in defraying expenses  
875 relating to the upgrading of railroad grade crossings. Only  
876 projects approved by the Mississippi Department of Transportation  
877 shall be eligible for such grants. The Mississippi Development  
878 Authority, by rule and regulation, shall establish the maximum  
879 amount of any grant awarded to a county and may establish such  
880 other rules and regulations as it deems appropriate or necessary  
881 to administer the grant program and ensure that monies in the fund  
882 are made available to all counties on an equitable basis. Federal  
883 funds shall be utilized to pay not less than five percent (5%) of  
884 the cost of each project. However, the maximum amount of such  
885 grants to all counties may not exceed Eight Million Dollars  
886 (\$8,000,000.00), in the aggregate.

887           (2) The Mississippi Development Authority shall establish a  
888 loan program by which loans, at a rate of interest not to exceed  
889 one percent (1%) less than the federal reserve discount rate, may  
890 be made available to counties and incorporated municipalities to

891 provide loans to counties and incorporated municipalities which  
892 may be used by the governing authorities of such counties and  
893 municipalities to provide loans to railroad corporations for  
894 freight rail service projects. Loans from the revolving fund may  
895 be made to counties and municipalities as set forth in a loan  
896 agreement in amounts established by the Mississippi Development  
897 Authority. The Mississippi Development Authority may establish a  
898 maximum amount for any loan in order to provide for broad and  
899 equitable participation in the program.

900 (3) A county that receives a loan from the revolving fund  
901 shall pledge for repayment of the loan any part of the homestead  
902 exemption annual tax loss reimbursement to which it may be  
903 entitled under Section 27-33-77. An incorporated municipality  
904 that receives a loan from the revolving fund shall pledge for  
905 repayment of the loan any part of the sales tax revenue  
906 distribution to which it may be entitled under Section 27-65-75.  
907 Each loan agreement shall provide for (a) monthly payments, (b)  
908 semiannual payments, or (c) other periodic payments, the annual  
909 total of which shall not exceed the annual total for any other  
910 year of the loan by more than fifteen percent (15%). The loan  
911 agreement shall provide for the repayment of all funds received  
912 within not more than fifteen (15) years from the date of project  
913 completion.

914 (4) The State Auditor, upon request of the Mississippi  
915 Development Authority, shall audit the receipts and expenditures  
916 of a county or an incorporated municipality whose loan payments  
917 appear to be in arrears, and if he finds that the county or  
918 municipality is in arrears in such payments, he shall immediately  
919 notify the Executive Director of the Department of Finance and  
920 Administration who shall withhold all future payments to the  
921 county of homestead exemption reimbursements under Section  
922 27-33-77 and all sums allocated to the county or the municipality  
923 under Section 27-65-75 until such time as the county or the

924 municipality is again current in its loan payments as certified by  
925 the Mississippi Development Authority.

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

930 (6) The Mississippi Development Authority shall renegotiate  
931 the payment of principal and interest on loans made under this  
932 chapter to the six (6) most southern counties of the state covered  
933 by the Presidential Declaration of Major Disaster for the State of  
934 Mississippi (FEMA-1604-DR) dated August 29, 2005, and to  
935 incorporated municipalities located in such counties, in such a  
936 manner that the repayment of the principal and interest on such a  
937 loan shall be held in abeyance until the provisions of this  
938 section are amended by the Mississippi State Legislature to  
939 provide otherwise, provided that the borrower is unable to pay the  
940 principal and interest on the loan because of the destruction of  
941 or damage to improvements or structures caused by Hurricane  
942 Katrina, or because of economic conditions brought about by the  
943 effects of Hurricane Katrina.

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

946 57-61-41. (1) Notwithstanding any provision of this chapter  
947 to the contrary, the Mississippi Development Authority shall  
948 utilize not more than Twelve Million Dollars (\$12,000,000.00) out  
949 of the proceeds of bonds authorized to be issued in this chapter  
950 to be made available to state, county or municipal port and  
951 airport authorities through a Port Revitalization Revolving Loan  
952 Fund for the purpose of making loans to port authorities for the  
953 improvement of port and airport facilities to promote commerce and  
954 economic growth. Proceeds shall not be made available to provide  
955 any facilities for utilization by a gaming vessel.

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

960           (3) The Mississippi Development Authority shall renegotiate  
961 the payment of principal and interest on loans made under this  
962 section to state, county and municipal port and airport  
963 authorities located in the six (6) most southern counties of the  
964 state covered by the Presidential Declaration of Major Disaster  
965 for the State of Mississippi (FEMA-1604-DR) dated August 29, 2005,  
966 in such a manner that the repayment of the principal and interest  
967 on such a loan shall be held in abeyance until the provisions of  
968 this section are amended by the Mississippi State Legislature to  
969 provide otherwise, provided that the borrower is unable to pay the  
970 principal and interest on the loan because of the destruction of  
971 or damage to improvements or structures caused by Hurricane  
972 Katrina, or because of economic conditions brought about by the  
973 effects of Hurricane Katrina.

974           **SECTION 9.** This act shall take effect and be in force from  
975 and after its passage.