

By: Representative Watson

To: Ways and Means

## HOUSE BILL NO. 1581

1 AN ACT TO AMEND SECTIONS 3 THROUGH 18, CHAPTER 541, LAWS OF  
2 2001, AS AMENDED BY CHAPTER 540, LAWS OF 2002, AS AMENDED BY  
3 CHAPTER 519, LAWS OF 2003, AS AMENDED BY CHAPTER 1, LAWS OF 2004  
4 THIRD EXTRAORDINARY SESSION, AS AMENDED BY SECTION 9, CHAPTER 538,  
5 LAWS OF 2006, TO INCREASE THE AMOUNT OF STATE GENERAL OBLIGATION  
6 BONDS THAT MAY BE ISSUED FOR THE PURPOSE OF PROVIDING FUNDS FOR  
7 THE BUILDING FUND FOR THE ARTS; TO AMEND SECTION 39-11-13,  
8 MISSISSIPPI CODE OF 1972, IN CONFORMITY THERETO AND TO EXTEND THE  
9 DATE OF REPEAL ON THE PROVISION WHICH PROVIDES THAT MONIES IN THE  
10 BUILDING FUND FOR THE ARTS WHICH ARE DERIVED FROM PROCEEDS OF  
11 BONDS ISSUED AFTER A CERTAIN DATE MAY BE USED TO REIMBURSE CERTAIN  
12 COSTS INCURRED BY THE MISSISSIPPI ARTS COMMISSION IN PROVIDING  
13 ASSISTANCE RELATED TO PROJECTS FOR WHICH GRANT FUNDS ARE PROVIDED  
14 FROM THE USE OF PROCEEDS FROM SUCH BONDS; AND FOR RELATED  
15 PURPOSES.

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

17 **SECTION 1.** Sections 3 through 18, Chapter 541, Laws of 2001,  
18 as amended by Chapter 540, Laws of 2002, as amended by Chapter  
19 519, Laws of 2003, as amended by Chapter 1, Laws of 2004 Third  
20 Extraordinary Session, as amended by Section 9, Chapter 538, Laws  
21 of 2006, is amended as follows:

22 Section 3. As used in Sections 3 through 18 of this act, the  
23 following words shall have the meanings ascribed herein unless the  
24 context clearly requires otherwise:

25 (a) "Accreted value" of any bonds means, as of any date  
26 of computation, an amount equal to the sum of (i) the stated  
27 initial value of such bond, plus (ii) the interest accrued thereon  
28 from the issue date to the date of computation at the rate,  
29 compounded semiannually, that is necessary to produce the  
30 approximate yield to maturity shown for bonds of the same  
31 maturity;

32 (b) "State" means the State of Mississippi; and

33 (c) "Commission" means the State Bond Commission.

34 Section 4. (1) The Mississippi Arts Commission, at one  
35 time, or from time to time, may declare by resolution the  
36 necessity for issuance of general obligation bonds of the State of  
37 Mississippi to provide funds for the grant program authorized in  
38 Section 2 of this act. Upon the adoption of a resolution by the  
39 Mississippi Arts Commission, declaring the necessity for the  
40 issuance of any part or all of the general obligation bonds  
41 authorized by this section, the Mississippi Arts Commission shall  
42 deliver a certified copy of its resolution or resolutions to the  
43 commission. Upon receipt of such resolution, the commission, in  
44 its discretion, may act as the issuing agent, prescribe the form  
45 of the bonds, advertise for and accept bids, issue and sell the  
46 bonds so authorized to be sold and do any and all other things  
47 necessary and advisable in connection with the issuance and sale  
48 of such bonds. The total amount of bonds issued under Sections 3  
49 through 18 of this act shall not exceed Twenty-two Million Two  
50 Hundred Thousand Dollars (\$22,200,000.00).

51 (2) The proceeds of bonds issued pursuant to Sections 3  
52 through 18 of this act shall be deposited into the Building Fund  
53 for the Arts created pursuant to Section 2 of this act. Any  
54 investment earnings on bonds issued pursuant to Sections 3 through  
55 18 of this act shall be used to pay debt service on bonds issued  
56 under Sections 3 through 18 of this act, in accordance with the  
57 proceedings authorizing issuance of such bonds.

58 Section 5. The principal of and interest on the bonds  
59 authorized under Sections 3 through 18 of this act shall be  
60 payable in the manner provided in this section. Such bonds shall  
61 bear such date or dates, be in such denomination or denominations,  
62 bear interest at such rate or rates (not to exceed the limits set  
63 forth in Section 75-17-101, Mississippi Code of 1972), be payable  
64 at such place or places within or without the State of  
65 Mississippi, shall mature absolutely at such time or times not to  
66 exceed twenty-five (25) years from date of issue, be redeemable

67 before maturity at such time or times and upon such terms, with or  
68 without premium, shall bear such registration privileges, and  
69 shall be substantially in such form, all as shall be determined by  
70 resolution of the commission.

71 Section 6. The bonds authorized by Sections 3 through 18 of  
72 this act shall be signed by the chairman of the commission, or by  
73 his facsimile signature, and the official seal of the commission  
74 shall be affixed thereto, attested by the secretary of the  
75 commission. The interest coupons, if any, to be attached to such  
76 bonds may be executed by the facsimile signatures of such  
77 officers. Whenever any such bonds shall have been signed by the  
78 officials designated to sign the bonds who were in office at the  
79 time of such signing but who may have ceased to be such officers  
80 before the sale and delivery of such bonds, or who may not have  
81 been in office on the date such bonds may bear, the signatures of  
82 such officers upon such bonds and coupons shall nevertheless be  
83 valid and sufficient for all purposes and have the same effect as  
84 if the person so officially signing such bonds had remained in  
85 office until their delivery to the purchaser, or had been in  
86 office on the date such bonds may bear. However, notwithstanding  
87 anything herein to the contrary, such bonds may be issued as  
88 provided in the Registered Bond Act of the State of Mississippi.

89 Section 7. All bonds and interest coupons issued under the  
90 provisions of Sections 3 through 18 of this act have all the  
91 qualities and incidents of negotiable instruments under the  
92 provisions of the Uniform Commercial Code, and in exercising the  
93 powers granted by Sections 3 through 18 of this act, the  
94 commission shall not be required to and need not comply with the  
95 provisions of the Uniform Commercial Code.

96 Section 8. The commission shall act as the issuing agent for  
97 the bonds authorized under Sections 3 through 18 of this act,  
98 prescribe the form of the bonds, advertise for and accept bids,  
99 issue and sell the bonds so authorized to be sold, pay all fees

100 and costs incurred in such issuance and sale, and do any and all  
101 other things necessary and advisable in connection with the  
102 issuance and sale of such bonds. The commission is authorized and  
103 empowered to pay the costs that are incident to the sale, issuance  
104 and delivery of the bonds authorized under Sections 3 through 18  
105 of this act from the proceeds derived from the sale of such bonds.  
106 The commission shall sell such bonds on sealed bids at public  
107 sale, and for such price as it may determine to be for the best  
108 interest of the State of Mississippi, but no such sale shall be  
109 made at a price less than par plus accrued interest to the date of  
110 delivery of the bonds to the purchaser. All interest accruing on  
111 such bonds so issued shall be payable semiannually or annually;  
112 however, the first interest payment may be for any period of not  
113 more than one (1) year.

114 Notice of the sale of any such bonds shall be published at  
115 least one (1) time, not less than ten (10) days before the date of  
116 sale, and shall be so published in one or more newspapers  
117 published or having a general circulation in the City of Jackson,  
118 Mississippi, and in one or more other newspapers or financial  
119 journals with a national circulation, to be selected by the  
120 commission.

121 The commission, when issuing any bonds under the authority of  
122 Sections 3 through 18 of this act, may provide that bonds, at the  
123 option of the State of Mississippi, may be called in for payment  
124 and redemption at the call price named therein and accrued  
125 interest on such date or dates named therein.

126 Section 9. The bonds issued under the provisions of Sections  
127 3 through 18 of this act are general obligations of the State of  
128 Mississippi, and for the payment thereof the full faith and credit  
129 of the State of Mississippi is irrevocably pledged. If the funds  
130 appropriated by the Legislature are insufficient to pay the  
131 principal of and the interest on such bonds as they become due,  
132 then the deficiency shall be paid by the State Treasurer from any

133 funds in the State Treasury not otherwise appropriated. All such  
134 bonds shall contain recitals on their faces substantially covering  
135 the provisions of this section.

136 Section 10. Upon the issuance and sale of bonds under the  
137 provisions of Sections 3 through 18 of this act, the commission  
138 shall transfer the proceeds of any such sale or sales to the  
139 special fund created in Section 2 of this act. Except as  
140 otherwise provided in Section 2 of this act, the proceeds of such  
141 bonds shall be disbursed solely upon the order of the Department  
142 of Finance and Administration under such restrictions, if any, as  
143 may be contained in the resolution providing for the issuance of  
144 the bonds.

145 Section 11. The bonds authorized under Sections 3 through 18  
146 of this act may be issued without any other proceedings or the  
147 happening of any other conditions or things other than those  
148 proceedings, conditions and things which are specified or required  
149 by Sections 3 through 18 of this act. Any resolution providing  
150 for the issuance of bonds under the provisions of Sections 3  
151 through 18 of this act shall become effective immediately upon its  
152 adoption by the commission, and any such resolution may be adopted  
153 at any regular or special meeting of the commission by a majority  
154 of its members.

155 Section 12. The bonds authorized under the authority of  
156 Sections 3 through 18 of this act may be validated in the Chancery  
157 Court of the First Judicial District of Hinds County, Mississippi,  
158 in the manner and with the force and effect provided by Chapter  
159 13, Title 31, Mississippi Code of 1972, for the validation of  
160 county, municipal, school district and other bonds. The notice to  
161 taxpayers required by such statutes shall be published in a  
162 newspaper published or having a general circulation in the City of  
163 Jackson, Mississippi.

164 Section 13. Any holder of bonds issued under the provisions  
165 of Sections 3 through 18 of this act or of any of the interest

166 coupons pertaining thereto may, either at law or in equity, by  
167 suit, action, mandamus or other proceeding, protect and enforce  
168 any and all rights granted under Sections 3 through 18 of this  
169 act, or under such resolution, and may enforce and compel  
170 performance of all duties required by Sections 3 through 18 of  
171 this act to be performed, in order to provide for the payment of  
172 bonds and interest thereon.

173       Section 14. All bonds issued under the provisions of  
174 Sections 3 through 18 of this act shall be legal investments for  
175 trustees and other fiduciaries, and for savings banks, trust  
176 companies and insurance companies organized under the laws of the  
177 State of Mississippi, and such bonds shall be legal securities  
178 which may be deposited with and shall be received by all public  
179 officers and bodies of this state and all municipalities and  
180 political subdivisions for the purpose of securing the deposit of  
181 public funds.

182       Section 15. Bonds issued under the provisions of Sections 3  
183 through 18 of this act and income therefrom shall be exempt from  
184 all taxation in the State of Mississippi.

185       Section 16. The proceeds of the bonds issued under Sections  
186 3 through 18 of this act shall be used solely for the purposes  
187 therein provided, including the costs incident to the issuance and  
188 sale of such bonds.

189       Section 17. The State Treasurer is authorized, without  
190 further process of law, to certify to the Department of Finance  
191 and Administration the necessity for warrants, and the Department  
192 of Finance and Administration is authorized and directed to issue  
193 such warrants, in such amounts as may be necessary to pay when due  
194 the principal of, premium, if any, and interest on, or the  
195 accreted value of, all bonds issued under Sections 3 through 18 of  
196 this act; and the State Treasurer shall forward the necessary  
197 amount to the designated place or places of payment of such bonds

198 in ample time to discharge such bonds, or the interest thereon, on  
199 the due dates thereof.

200 Section 18. Sections 3 through 18 of this act shall be  
201 deemed to be full and complete authority for the exercise of the  
202 powers therein granted, but Sections 3 through 18 of this act  
203 shall not be deemed to repeal or to be in derogation of any  
204 existing law of this state.

205 **SECTION 2.** Section 39-11-13, Mississippi Code of 1972, is  
206 amended as follows:

207 39-11-13. (1) (a) A special fund, to be designated as the  
208 "Building Fund for the Arts" is created within the State Treasury.  
209 The fund shall be maintained by the State Treasurer as a separate  
210 and special fund, separate and apart from the General Fund of the  
211 state. The fund shall consist of any money designated for deposit  
212 therein from any source, including, but not limited to, any state  
213 general obligation bonds issued for the purposes described in this  
214 section. Unexpended amounts remaining in the fund at the end of a  
215 fiscal year shall not lapse into the State General Fund, and  
216 investment earnings on amounts in the fund shall be deposited into  
217 such fund.

218 (b) Money deposited into the fund shall be disbursed,  
219 in the discretion of the Mississippi Arts Commission, to provide  
220 grants to nonprofit organizations that are qualified as tax exempt  
221 under Section 501(c)(3) of the Internal Revenue Code and units of  
222 local government to pay the costs of:

223 (i) Repair, upgrading, expansion, renovation or  
224 enhancement of existing buildings and facilities for the  
225 presentation, teaching or exhibition of the arts in any and all of  
226 its forms and furniture, equipment and/or technology for such  
227 buildings or facilities;

228 (ii) Construction of new buildings and facilities  
229 for the presentation, teaching or exhibition of the arts in any

230 and all of its forms and furniture, equipment and/or technology  
231 for such buildings or facilities; or

232 (iii) The development, construction, equipping and  
233 furnishing of an entertainment and film center and museum and  
234 completion of a sound stage project.

235 (c) The entity to which such grants are made shall  
236 provide matching funds from local, federal or private sources  
237 equal to forty percent (40%) of the proposed project cost in order  
238 to be eligible for a grant under this section.

239 (d) The maximum aggregate amount of monies in the  
240 special fund that may be used to provide grant funds to an entity  
241 or combination of entities under paragraph (b)(iii) of this  
242 subsection shall not exceed One Million Dollars (\$1,000,000.00),  
243 and no monies in the special fund may be used to provide grant  
244 funds under paragraph (b)(iii) of this subsection after July 1,  
245 2003. The maximum aggregate amount of grant funds that may be  
246 provided to an entity or combination of entities under paragraph  
247 (b)(iii) of this subsection during a fiscal year shall not exceed  
248 Five Hundred Thousand Dollars (\$500,000.00).

249 (2) (a) Amounts deposited into such special fund shall be  
250 disbursed to pay the costs of projects described in subsection (1)  
251 of this section. If any monies in the special fund are derived  
252 from proceeds of bonds issued under Sections 3 through 18 of  
253 Chapter 541, Laws of 2001, as amended by Chapter 540, Laws of  
254 2002, as amended by Chapter 519, Laws of 2003, as amended by  
255 Chapter 1, Laws of 2004 Third Extraordinary Session, as amended by  
256 Chapter 538, Laws of 2006, as amended by Section 1 of House Bill  
257 No. \_\_\_\_\_, 2007 Regular Session, and are not used within four (4)  
258 years after the date such bond proceeds are deposited into the  
259 special fund, then the Mississippi Arts Commission shall provide  
260 an accounting of such unused monies to the State Bond Commission.

261 (b) Monies in the special fund which are derived from  
262 proceeds of bonds issued after April 9, 2002, may be used to



263 reimburse reasonable actual and necessary costs incurred by the  
264 Mississippi Arts Commission in providing assistance directly  
265 related to a project described in subsection (1) of this section  
266 for which grant funds are provided under this section from the use  
267 of proceeds of such bonds. Reimbursement may be made only until  
268 such time as the project is completed. An accounting of actual  
269 costs incurred for which reimbursement is sought shall be  
270 maintained for each project by the Mississippi Arts Commission.  
271 Reimbursement of reasonable actual and necessary costs for a  
272 project shall not exceed three percent (3%) of the proceeds of  
273 bonds issued for such project. Monies authorized for a particular  
274 project may not be used to reimburse administrative costs for  
275 unrelated projects. This paragraph (b) shall be repealed from and  
276 after July 1, 2008.

277 (3) The Mississippi Arts Commission is expressly authorized  
278 and empowered to receive and expend any local or other source  
279 funds in connection with the expenditure of funds provided for in  
280 this section. The expenditure of money deposited into the special  
281 fund shall be under the direction of the Mississippi Arts  
282 Commission, and such funds shall be paid by the State Treasurer  
283 upon warrants issued by the Department of Finance and  
284 Administration upon request of the Mississippi Arts Commission,  
285 which warrants shall be issued upon requisitions signed by the  
286 Executive Director of the Mississippi Arts Commission, or his or  
287 her designee.

288 (4) The Mississippi Arts Commission shall adopt necessary  
289 rules and regulations to govern the administration of the program  
290 described in subsection (1) of this section, including, but not  
291 limited to, rules and regulations governing applications for  
292 grants and rules and regulations providing for the distribution of  
293 grant funds. The Mississippi Arts Commission shall comply with  
294 the provisions of the Mississippi Administrative Procedures Law.

295           **SECTION 3.** This act shall take effect and be in force from  
296 and after July 1, 2007.