

By: Senator(s) Doxey

To: Municipalities

SENATE BILL NO. 3008

1 AN ACT TO BRING FORWARD SECTIONS 21-33-323, 27-105-353 AND
2 31-19-5, MISSISSIPPI CODE OF 1972, FOR PURPOSES OF AMENDMENT; AND
3 FOR RELATED PURPOSES.

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

5 **SECTION 1.** Section 21-33-323, Mississippi Code of 1972, is
6 brought forward as follows:

7 21-33-323. Whenever any municipality shall have on hand any
8 bond and interest funds, any funds derived from the sale of bonds,
9 special funds, or any other funds in excess of the sums which will
10 be required for immediate expenditure and which are not needed or
11 cannot by law be used for the payment of the current obligations
12 or expenses of such municipality, the governing authorities of
13 such municipality shall have the power and authority to invest
14 such excess funds in any bonds or other direct obligations of the
15 United States of America or the State of Mississippi, or of any
16 county or municipality of this state, or of any school district,
17 which such county or municipal or school district bonds have been
18 approved by a reputable bond attorney or have been validated by a
19 decree of the chancery court, or in obligations issued or
20 guaranteed in full as to principal and interest by the United
21 States of America which are subject to a repurchase agreement with
22 a qualified depository. In any event the bonds or obligations in
23 which such funds are invested shall mature or be redeemable prior
24 to the time the funds so invested will be needed for expenditure.
25 However, such excess funds may first be offered for investment in
26 interest-bearing time certificates of deposit with municipal
27 depositories serving in accordance with Section 27-105-353 at a

28 rate of interest not less than a simple interest rate numerically
29 equal to the average bank discount rate on United States Treasury
30 bills of comparable maturity. The rate of interest established
31 herein shall be the minimum rate of interest and there shall be no
32 maximum rate of interest. Such excess funds may also be invested
33 in time certificates of deposit in state depositories located in
34 such municipality to the same extent as such depositories are
35 eligible for invested state funds. When bonds or other
36 obligations have been so purchased, the same may be sold or
37 surrendered for redemption at any time by order or resolution of
38 the governing authorities of the municipality, and the mayor of
39 the municipality, when authorized by such order or resolution,
40 shall have the power and authority to execute all instruments and
41 take such other action as may be necessary to effectuate the sale
42 or redemption thereof. When such bonds or other obligations are
43 sold or redeemed, the proceeds thereof, including accrued interest
44 thereon, shall be paid into the same fund as that from which the
45 investment was made and shall in all respects be dealt with as are
46 other moneys in such fund. Except as hereinafter provided, any
47 interest derived from the investments authorized in this section
48 may, as an alternative, be deposited into the general fund of the
49 municipality. Any interest derived from the investment of sums
50 received under the terms of the federal State and Local Fiscal
51 Assistance Act of 1972 and any subsequent revisions or
52 reenactments of that act shall be paid into the same fund as that
53 from which the investment was made. Any interest derived from the
54 investment of school bond funds shall be handled as provided in
55 Section 37-59-43. Any interest derived from investment of other
56 bond proceeds or from investment of any bond and interest fund,
57 bond reserve fund or bond redemption sinking fund shall be
58 deposited either in the same fund from which the investment was
59 made or in the bond and interest fund established for payment of
60 the principal or interest on the bonds. Any interest derived from

61 special purpose funds which are outside the function of general
62 municipal government shall be paid into that special purpose fund.
63 The authority granted by this section shall be cumulative and in
64 addition to any other law relating to the investment of funds by
65 municipalities.

66 **SECTION 2.** Section 27-105-353, Mississippi Code of 1972, is
67 brought forward as follows:

68 27-105-353. The board of mayor and aldermen or other
69 municipal authorities of each and every city, town or village in
70 the state are required to select a depository in the manner
71 provided by law for the selection of county depositories. Before
72 being selected, a depository must be certified by the State
73 Treasurer as meeting the capital ratio requirement specified in
74 Section 27-105-5 or 27-105-6. An institution shall not be a
75 qualified depository and shall not receive any municipal funds
76 unless its ratio has been certified annually by the State
77 Treasurer as meeting the prescribed requirement. Notwithstanding
78 the foregoing, any financial institution not meeting the
79 prescribed ratio requirement whose accounts are insured by the
80 Federal Deposit Insurance Corporation or any successors to that
81 insurance corporation may receive municipal funds in an amount not
82 exceeding the amount that is insured by that insurance corporation
83 and may qualify as a municipal depository to the extent of that
84 insurance.

85 **SECTION 3.** Section 31-19-5, Mississippi Code of 1972, is
86 brought forward as follows:

87 31-19-5. Any funds received from the sale of bonds, notes,
88 or certificates of indebtedness heretofore or hereafter sold by
89 the State of Mississippi or any agency or department thereof or by
90 any county, municipality, road district, levee district,
91 development district, utility district, school district, drainage
92 district or other entity authorized by law to issue bonds, notes,
93 or certificates of indebtedness, which are not immediately

94 required for disbursement for the purpose for which issued, may be
95 invested by the proper authorities in any direct obligation issued
96 by or guaranteed in full as to principal and interest by the
97 United States of America or in certificates of deposit issued by a
98 qualified depository of the State of Mississippi as approved by
99 the State Treasurer, maturing or being redeemable by the holder on
100 or prior to the date upon which such funds will be required for
101 disbursement and bearing interest at a rate per annum not less
102 than a simple interest rate numerically equal to the average bank
103 discount rate on United States Treasury bills of comparable
104 maturity or the current rate of interest paid on certificates of
105 deposit or on United States Treasury obligations of comparable
106 maturities, whichever is the higher, provided, however, that the
107 proceeds from the sale of bonds issued pursuant to Sections
108 57-1-131 through 57-1-145, Mississippi Code of 1972, or Chapter 3
109 of Title 57, Mississippi Code of 1972, may be invested in
110 certificates of deposit issued by qualified depositories of the
111 State of Mississippi bearing interest at any rate per annum which
112 may be mutually agreed upon, but in no case shall said rate be
113 less than such average bank discount rate.

114 Funds received pursuant to this section shall be invested as
115 heretofore described or may be invested, pursuant to rules
116 promulgated by the State Treasurer, in obligations described in
117 Section 27-105-33(d), Mississippi Code of 1972; however, funds
118 described in this section may not be invested in securities of, or
119 interests in, any open-end or closed-end management type
120 investment company or investment trust, such as those described in
121 Section 27-105-33(e).

122 **SECTION 4.** This act shall take effect and be in force from
123 and after July 1, 2007.