

By: Senator(s) Browning

To: Finance

SENATE BILL NO. 3067

1 AN ACT TO AMEND SECTIONS 65-18-9 AND 65-18-11, MISSISSIPPI  
2 CODE OF 1972, TO CREATE THE LOCAL SYSTEM ROAD FUND; TO AUTHORIZE  
3 THE STATE ENGINEER TO ALLOCATE MONIES IN THE FUND TO EACH COUNTY  
4 FOR CONSTRUCTING AND RECONSTRUCTING LOCAL SYSTEM ROADS; TO  
5 AUTHORIZE THE ISSUANCE OF \$5,000,000.00 IN STATE GENERAL  
6 OBLIGATION BONDS TO PROVIDE FUNDS FOR THE LOCAL SYSTEM ROAD  
7 PROGRAM; AND FOR RELATED PURPOSES.

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

9 **SECTION 1.** Section 65-18-9, Mississippi Code of 1972, is  
10 amended as follows:

11 65-18-9. (1) The State Aid Engineer shall allocate annually  
12 the amount of the state aid road allocation of a county that is  
13 requested by such county for use in the construction,  
14 reconstruction and paving of local system roads in the county if  
15 the county has met the requirements of this chapter; \* \* \*  
16 however, \* \* \* the State Aid Engineer shall not allocate more than  
17 twenty-five percent (25%) of the annual state aid road allocation  
18 of a county for such purposes.

19 (2) The State Aid Engineer shall allocate annually the  
20 amount of the Local System Bridge Replacement and Rehabilitation  
21 Program allocation of a county that is requested by such county  
22 for use in the construction, reconstruction and paving of local  
23 system roads in the county if:

24 (a) The State Aid Engineer has certified, pursuant to  
25 Section 65-37-7, that all the local system bridges within the  
26 county have a sufficiency rating of greater than fifty (50) or  
27 that all such bridges within the county with a sufficiency rating  
28 of fifty (50) or less are currently under contract for replacement  
29 or rehabilitation; and

30 (b) The county has met the requirements of this  
31 chapter.

32 (3) There is created in the State Treasury a special fund to  
33 be designated as the "Local System Road Fund." The fund shall  
34 consist of the monies directed to be deposited into the fund under  
35 the provisions of Section 2(2) of this act and such other money as  
36 the Legislature may designate for deposit into the fund. The  
37 State Aid Engineer shall allocate annually to each county money in  
38 the fund according to state aid road formula under Section  
39 27-65-75(4). Money allocated to a county under this subsection  
40 shall be used by a county in the construction, reconstruction and  
41 paving of local system roads in the county if the county meets the  
42 requirements of this chapter.

43 (4) The State Aid Engineer shall establish specific designs  
44 and standards to be followed by such counties in the construction,  
45 reconstruction and paving of local system roads. The specific  
46 designs and standards shall be based upon policies on geometric  
47 design of local rural roads, highways and streets adopted and  
48 published by the American Association of State Highway and  
49 Transportation Officials.

50 **SECTION 2.** Section 65-18-11, Mississippi Code of 1972, is  
51 amended as follows:

52 65-18-11. (1) In order for a county to be eligible to  
53 utilize its Local System Bridge Replacement and Rehabilitation  
54 Program allocation, any of its state aid road funds or any of the  
55 money allocated to it from the Local System Road Fund for the  
56 Local System Road Program, a county must meet the following  
57 conditions:

58 (a) The county has employed a county engineer, together  
59 with such other technical assistance as is necessary to carry out  
60 the duties of this chapter, the same as provided under the  
61 provisions of Section 65-9-15, for its state aid road system and,  
62 through its official minutes, has authorized the county engineer

63 to perform the necessary engineering services connected with the  
64 Local System Road Program. The county engineer shall prepare the  
65 necessary plans and designs for all construction projects,  
66 including state aid projects and projects provided under this  
67 chapter. He also shall provide engineering supervision for the  
68 construction of such projects and shall approve all estimate  
69 payments made on the projects. Engineering cost for any project  
70 performed under the Local System Road Program may be paid from any  
71 funds allocated to a county under the program; however, the  
72 maximum fee paid to an engineer shall not exceed twelve percent  
73 (12%) of the final construction cost. No such cost shall be  
74 reimbursed to the county before the letting of the project; and

75 (b) The county has presented a plan for the  
76 construction, reconstruction and paving of a local system road  
77 which plan has been made and approved by the county engineer of  
78 the county, showing the specific road or project to be improved,  
79 stating the condition of the existing roadbed, drainage and  
80 bridges and outlining the type of construction or reconstruction  
81 to be made and the designs and specifications therefor, including  
82 the paving of the road and the sources of revenue to be used and  
83 the sources and types of material to be used thereon. The plan  
84 shall be presented to the State Aid Engineer for the initial  
85 approval of the beginning of a project to receive monies.

86 (2) After the initial approval of the plan and plans as  
87 specified in subsection (1)(b) of this section has been made by  
88 the State Aid Engineer, the county shall be eligible to receive  
89 all funds made available to the county under the Local System Road  
90 Program to be used exclusively for the construction,  
91 reconstruction or paving of the local system road. The project  
92 may be done either by contract or by using county equipment and  
93 employees. It shall be according to the original plan or any  
94 amendments thereto which have been approved by the State Aid  
95 Engineer. The board may use county equipment and employees if the

96 construction can be accomplished at a more reasonable cost than  
97 can be achieved by contract.

98         **SECTION 3.** (1) As used in this section, the following words  
99 shall have the meanings ascribed herein unless the context clearly  
100 requires otherwise:

101             (a) "Accreted value" of any bonds means, as of any date  
102 of computation, an amount equal to the sum of (i) the stated  
103 initial value of such bond, plus (ii) the interest accrued thereon  
104 from the issue date to the date of computation at the rate,  
105 compounded semiannually, that is necessary to produce the  
106 approximate yield to maturity shown for bonds of the same  
107 maturity.

108             (b) "State" means the State of Mississippi.

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

110         (2) (a) The Department of Finance and Administration, at one  
111 time, or from time to time, may declare by resolution the  
112 necessity for issuance of general obligation bonds of the State of  
113 Mississippi to provide funds for the Local System Road Fund  
114 created under Section 65-18-9. Upon the adoption of a resolution  
115 by the Department of Finance and Administration, declaring the  
116 necessity for the issuance of any part or all of the general  
117 obligation bonds authorized by this section, the Department of  
118 Finance and Administration shall deliver a certified copy of its  
119 resolution or resolutions to the commission. Upon receipt of such  
120 resolution, the commission, in its discretion, may act as the  
121 issuing agent, prescribe the form of the bonds, advertise for and  
122 accept bids, issue and sell the bonds so authorized to be sold and  
123 do any and all other things necessary and advisable in connection  
124 with the issuance and sale of such bonds. The total amount of  
125 bonds issued under this section shall not exceed Five Million  
126 Dollars (\$5,000,000.00).

127             (b) Any investment earnings on bonds issued pursuant to  
128 this section shall be used to pay debt service on bonds issued

129 under this section, in accordance with the proceedings authorizing  
130 issuance of such bonds.

131 (3) The principal of and interest on the bonds authorized  
132 under this section shall be payable in the manner provided in this  
133 subsection. Such bonds shall bear such date or dates, be in such  
134 denomination or denominations, bear interest at such rate or rates  
135 (not to exceed the limits set forth in Section 75-17-101,  
136 Mississippi Code of 1972), be payable at such place or places  
137 within or without the State of Mississippi, shall mature  
138 absolutely at such time or times not to exceed twenty-five (25)  
139 years from date of issue, be redeemable before maturity at such  
140 time or times and upon such terms, with or without premium, shall  
141 bear such registration privileges, and shall be substantially in  
142 such form, all as shall be determined by resolution of the  
143 commission.

144 (4) The bonds authorized by this section shall be signed by  
145 the chairman of the commission, or by his facsimile signature, and  
146 the official seal of the commission shall be affixed thereto,  
147 attested by the secretary of the commission. The interest  
148 coupons, if any, to be attached to such bonds may be executed by  
149 the facsimile signatures of such officers. Whenever any such  
150 bonds shall have been signed by the officials designated to sign  
151 the bonds who were in office at the time of such signing but who  
152 may have ceased to be such officers before the sale and delivery  
153 of such bonds, or who may not have been in office on the date such  
154 bonds may bear, the signatures of such officers upon such bonds  
155 and coupons shall nevertheless be valid and sufficient for all  
156 purposes and have the same effect as if the person so officially  
157 signing such bonds had remained in office until their delivery to  
158 the purchaser, or had been in office on the date such bonds may  
159 bear. However, notwithstanding anything herein to the contrary,  
160 such bonds may be issued as provided in the Registered Bond Act of  
161 the State of Mississippi.

162 (5) All bonds and interest coupons issued under the  
163 provisions of this section have all the qualities and incidents of  
164 negotiable instruments under the provisions of the Uniform  
165 Commercial Code, and in exercising the powers granted by this  
166 section, the commission shall not be required to and need not  
167 comply with the provisions of the Uniform Commercial Code.

168 (6) The commission shall act as the issuing agent for the  
169 bonds authorized under this section, prescribe the form of the  
170 bonds, advertise for and accept bids, issue and sell the bonds so  
171 authorized to be sold, pay all fees and costs incurred in such  
172 issuance and sale, and do any and all other things necessary and  
173 advisable in connection with the issuance and sale of such bonds.  
174 The commission is authorized and empowered to pay the costs that  
175 are incident to the sale, issuance and delivery of the bonds  
176 authorized under this section from the proceeds derived from the  
177 sale of such bonds. The commission shall sell such bonds on  
178 sealed bids at public sale, and for such price as it may determine  
179 to be for the best interest of the State of Mississippi, but no  
180 such sale shall be made at a price less than par plus accrued  
181 interest to the date of delivery of the bonds to the purchaser.  
182 All interest accruing on such bonds so issued shall be payable  
183 semiannually or annually; however, the first interest payment may  
184 be for any period of not more than one (1) year.

185 Notice of the sale of any such bonds shall be published at  
186 least one time, not less than ten (10) days before the date of  
187 sale, and shall be so published in one or more newspapers  
188 published or having a general circulation in the City of Jackson,  
189 Mississippi, and in one or more other newspapers or financial  
190 journals with a national circulation, to be selected by the  
191 commission.

192 The commission, when issuing any bonds under the authority of  
193 this section, may provide that bonds, at the option of the State  
194 of Mississippi, may be called in for payment and redemption at the

195 call price named therein and accrued interest on such date or  
196 dates named therein.

197 (7) The bonds issued under the provisions of this section  
198 are general obligations of the State of Mississippi, and for the  
199 payment thereof the full faith and credit of the State of  
200 Mississippi is irrevocably pledged. If the funds appropriated by  
201 the Legislature are insufficient to pay the principal of and the  
202 interest on such bonds as they become due, then the deficiency  
203 shall be paid by the State Treasurer from any funds in the State  
204 Treasury not otherwise appropriated. All such bonds shall contain  
205 recitals on their faces substantially covering the provisions of  
206 this section.

207 (8) Upon the issuance and sale of bonds under the provisions  
208 of this section, the commission shall transfer the proceeds of any  
209 such sale or sales to the Local System Road Fund created under  
210 Section 65-18-9. The proceeds of such bonds shall be disbursed  
211 solely upon the order of the Department of Finance and  
212 Administration under such restrictions, if any, as may be  
213 contained in the resolution providing for the issuance of the  
214 bonds.

215 (9) The bonds authorized under this section may be issued  
216 without any other proceedings or the happening of any other  
217 conditions or things other than those proceedings, conditions and  
218 things which are specified or required by this section. Any  
219 resolution providing for the issuance of bonds under the  
220 provisions of this section shall become effective immediately upon  
221 its adoption by the commission, and any such resolution may be  
222 adopted at any regular or special meeting of the commission by a  
223 majority of its members.

224 (10) The bonds authorized under the authority of this  
225 section may be validated in the Chancery Court of the First  
226 Judicial District of Hinds County, Mississippi, in the manner and  
227 with the force and effect provided by Chapter 13, Title 31,

228 Mississippi Code of 1972, for the validation of county, municipal,  
229 school district and other bonds. The notice to taxpayers required  
230 by such statutes shall be published in a newspaper published or  
231 having a general circulation in the City of Jackson, Mississippi.

232 (11) Any holder of bonds issued under the provisions of this  
233 section or of any of the interest coupons pertaining thereto may,  
234 either at law or in equity, by suit, action, mandamus or other  
235 proceeding, protect and enforce any and all rights granted under  
236 this section, or under such resolution, and may enforce and compel  
237 performance of all duties required by this section to be  
238 performed, in order to provide for the payment of bonds and  
239 interest thereon.

240 (12) All bonds issued under the provisions of this section  
241 shall be legal investments for trustees and other fiduciaries, and  
242 for savings banks, trust companies and insurance companies  
243 organized under the laws of the State of Mississippi, and such  
244 bonds shall be legal securities which may be deposited with and  
245 shall be received by all public officers and bodies of this state  
246 and all municipalities and political subdivisions for the purpose  
247 of securing the deposit of public funds.

248 (13) Bonds issued under the provisions of this section and  
249 income therefrom shall be exempt from all taxation in the State of  
250 Mississippi.

251 (14) The proceeds of the bonds issued under this section  
252 shall be used solely for the purposes therein provided, including  
253 the costs incident to the issuance and sale of such bonds.

254 (15) The State Treasurer is authorized, without further  
255 process of law, to certify to the Department of Finance and  
256 Administration the necessity for warrants, and the Department of  
257 Finance and Administration is authorized and directed to issue  
258 such warrants, in such amounts as may be necessary to pay when due  
259 the principal of, premium, if any, and interest on, or the  
260 accreted value of, all bonds issued under this section; and the



261 State Treasurer shall forward the necessary amount to the  
262 designated place or places of payment of such bonds in ample time  
263 to discharge such bonds, or the interest thereon, on the due dates  
264 thereof.

265 (16) This section shall be deemed to be full and complete  
266 authority for the exercise of the powers therein granted, but this  
267 section shall not be deemed to repeal or to be in derogation of  
268 any existing law of this state.

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