

By: Representatives Smith, Dixon

To: Ways and Means

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1596

1 AN ACT TO AUTHORIZE THE ISSUANCE OF STATE GENERAL OBLIGATION
2 BONDS IN THE AMOUNT OF \$1,000,000.00 TO PROVIDE MATCHING FUNDS FOR
3 FEDERAL FUNDS FOR THE WATER POLLUTION CONTROL REVOLVING FUND; TO
4 AMEND SECTION 49-17-85, MISSISSIPPI CODE OF 1972, TO AUTHORIZE
5 INTEREST AND INVESTMENT EARNINGS ON MONEY IN THE WATER POLLUTION
6 CONTROL REVOLVING FUND TO BE UTILIZED TO PAY DEBT SERVICE ON THE
7 BONDS AUTHORIZED TO BE ISSUED BY THIS ACT; AND FOR RELATED
8 PURPOSES.

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

10 **SECTION 1.** (1) As used in this section, the following words
11 shall have the meanings ascribed herein unless the context clearly
12 requires otherwise:

13 (a) "Accreted value" of any bonds means, as of any date
14 of computation, an amount equal to the sum of (i) the stated
15 initial value of such bond, plus (ii) the interest accrued thereon
16 from the issue date to the date of computation at the rate,
17 compounded semiannually, that is necessary to produce the
18 approximate yield to maturity shown for bonds of the same
19 maturity.

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

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



22 (2) (a) The Commission on Environmental Quality, at one
23 time, or from time to time, may declare by resolution the
24 necessity for issuance of general obligation bonds of the State of
25 Mississippi to provide funds for the Water Pollution Control
26 Revolving Fund established in Section 49-17-85. Upon the adoption
27 of a resolution by the Commission on Environmental Quality
28 declaring the necessity for the issuance of any part or all of the
29 general obligation bonds authorized by this subsection, the
30 Commission on Environmental Quality shall deliver a certified copy
31 of its resolution or resolutions to the commission; however, the
32 Commission on Environmental Quality shall declare the necessity
33 for the issuance of bonds only in the amount necessary to match
34 projected federal funds available through the following federal
35 fiscal year. Upon receipt of such resolution, the commission, in
36 its discretion, may act as the issuing agent, prescribe the form
37 of the bonds, determine the appropriate method for sale of the
38 bonds, advertise for and accept bids or negotiate the sale of the
39 bonds, issue and sell the bonds so authorized to be sold, and do
40 any and all other things necessary and advisable in connection
41 with the issuance and sale of such bonds. The total amount of
42 bonds issued under this section shall not exceed One Million
43 Dollars (\$1,000,000.00).

44 (b) The proceeds of bonds issued pursuant to this
45 subsection shall be deposited into the Water Pollution Control
46 Revolving Fund created pursuant to Section 49-17-85.



47 (3) The principal of and interest on the bonds authorized
48 under this section shall be payable in the manner provided in this
49 section. Such bonds shall bear such date or dates, be in such
50 denomination or denominations, bear interest at such rate or rates
51 (not to exceed the limits set forth in Section 75-17-101,
52 Mississippi Code of 1972), be payable at such place or places
53 within or without the State of Mississippi, shall mature
54 absolutely at such time or times not to exceed twenty-five (25)
55 years from date of issue, be redeemable before maturity at such
56 time or times and upon such terms, with or without premium, shall
57 bear such registration privileges, and shall be substantially in
58 such form, all as shall be determined by resolution of the
59 commission.

60 (4) The bonds authorized by this section shall be signed by
61 the chairman of the commission, or by his facsimile signature, and
62 the official seal of the commission shall be affixed thereto,
63 attested by the secretary of the commission. The interest
64 coupons, if any, to be attached to such bonds may be executed by
65 the facsimile signatures of such officers. Whenever any such
66 bonds shall have been signed by the officials designated to sign
67 the bonds who were in office at the time of such signing but who
68 may have ceased to be such officers before the sale and delivery
69 of such bonds, or who may not have been in office on the date such
70 bonds may bear, the signatures of such officers upon such bonds
71 and coupons shall nevertheless be valid and sufficient for all



72 purposes and have the same effect as if the person so officially
73 signing such bonds had remained in office until their delivery to
74 the purchaser, or had been in office on the date such bonds may
75 bear. However, notwithstanding anything herein to the contrary,
76 such bonds may be issued as provided in the Registered Bond Act of
77 the State of Mississippi.

78 (5) All bonds and interest coupons issued under the
79 provisions of this section have all the qualities and incidents of
80 negotiable instruments under the provisions of the Uniform
81 Commercial Code, and in exercising the powers granted by this
82 section, the commission shall not be required to and need not
83 comply with the provisions of the Uniform Commercial Code.

84 (6) The commission shall act as the issuing agent for the
85 bonds authorized under this section, prescribe the form of the
86 bonds, determine the appropriate method for sale of the bonds,
87 advertise for and accept bids or negotiate the sale of the bonds,
88 issue and sell the bonds so authorized to be sold, pay all fees
89 and costs incurred in such issuance and sale, and do any and all
90 other things necessary and advisable in connection with the
91 issuance and sale of such bonds. The commission is authorized and
92 empowered to pay the costs that are incident to the sale, issuance
93 and delivery of the bonds authorized under this section from the
94 proceeds derived from the sale of such bonds. The commission may
95 sell such bonds on sealed bids at public sale or may negotiate the
96 sale of the bonds for such price as it may determine to be for the



best interest of the State of Mississippi. All interest accruing on such bonds so issued shall be payable semiannually or annually.

If the bonds are to be sold on sealed bids at public sale, notice of the sale of any such bonds shall be published at least one time, not less than ten (10) days before the date of sale, and shall be so published in one or more newspapers published or having a general circulation in the City of Jackson, Mississippi, selected by the commission.

The commission, when issuing any bonds under the authority of this section, may provide that bonds, at the option of the State of Mississippi, may be called in for payment and redemption at the call price named therein and accrued interest on such date or dates named therein.

(7) The bonds issued under the provisions of this section are general obligations of the State of Mississippi, and for the payment thereof the full faith and credit of the State of Mississippi is irrevocably pledged. Interest and investment earnings on money in the Water Pollution Control Revolving Fund shall be utilized to pay the principal and interest on such bonds as they become due. If the interest and investment earnings of the fund and any funds appropriated by the Legislature are insufficient to pay the principal of and the interest on such bonds as they become due, then the deficiency shall be paid by the State Treasurer from any funds in the State Treasury not otherwise



121 appropriated. All such bonds shall contain recitals on their
122 faces substantially covering the provisions of this section.

123 (8) Upon the issuance and sale of bonds under the provisions
124 of this section, the commission shall transfer the proceeds of any
125 such sale or sales to the Water Pollution Control Revolving Fund
126 created in Section 49-17-85. After the transfer of the proceeds
127 of any such sale or sales to the Water Pollution Control Revolving
128 Fund, any investment earnings or interest earned on the proceeds
129 of such bonds shall be deposited to the credit of the Water
130 Pollution Control Revolving Fund and shall be used only for the
131 purposes provided in Section 49-17-85. The proceeds of such bonds
132 shall be disbursed solely upon the order of the Commission on
133 Environmental Quality under such restrictions, if any, as may be
134 contained in the resolution providing for the issuance of the
135 bonds.

136 (9) The bonds authorized under this section may be issued
137 without any other proceedings or the happening of any other
138 conditions or things other than those proceedings, conditions and
139 things which are specified or required by this section. Any
140 resolution providing for the issuance of bonds under the
141 provisions of this section shall become effective immediately upon
142 its adoption by the commission, and any such resolution may be
143 adopted at any regular or special meeting of the commission by a
144 majority of its members.



(10) The bonds authorized under the authority of this section may be validated in the Chancery Court of the First Judicial District of Hinds County, Mississippi, in the manner and with the force and effect provided by Chapter 13, Title 31, Mississippi Code of 1972, for the validation of county, municipal, school district and other bonds. The notice to taxpayers required by such statutes shall be published in a newspaper published or having a general circulation in the City of Jackson, Mississippi.

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

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



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

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

175 (15) The State Treasurer is authorized, without further
176 process of law, to certify to the Department of Finance and
177 Administration the necessity for warrants, and the Department of
178 Finance and Administration is authorized and directed to issue
179 such warrants, in such amounts as may be necessary to pay when due
180 the principal of, premium, if any, and interest on, or the
181 accreted value of, all bonds issued under this section; and the
182 State Treasurer shall forward the necessary amount to the
183 designated place or places of payment of such bonds in ample time
184 to discharge such bonds, or the interest thereon, on the due dates
185 thereof.

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

190 **SECTION 2.** Section 49-17-85, Mississippi Code of 1972, is
191 amended as follows:

192 49-17-85. (1) There is established in the State Treasury a
193 fund to be known as the "Water Pollution Control Revolving Fund"



194 which shall be administered by the commission acting through the
195 department. The revolving fund may receive bond proceeds and
196 funds appropriated or otherwise made available by the Legislature
197 in any manner and funds from any other source, public or private.
198 The revolving fund shall be maintained in perpetuity for the
199 purposes established in this section.

200 (2) There is established in the State Treasury a fund to be
201 known as the "Water Pollution Control Hardship Grants Fund," which
202 shall be administered by the commission acting through the
203 department. The grants fund shall be maintained in perpetuity for
204 the purposes established in this section. Any interest earned on
205 monies in the grants fund shall be credited to that fund.

206 (3) The commission shall promulgate regulations for the
207 administration of the revolving fund program, the hardship grants
208 program and for related programs authorized under this section.
209 The regulations shall be in accordance with the federal Water
210 Quality Act of 1987, as amended, and regulations and guidance
211 issued under that act. The commission may enter into
212 capitalization grant agreements with the United States
213 Environmental Protection Agency and may accept capitalization
214 grant awards made under Title VI of the Water Quality Act of 1987,
215 as amended.

216 (4) The commission shall establish a loan program which
217 shall commence after October 1, 1988, to assist political
218 subdivisions in the construction of water pollution control



219 projects. Loans from the revolving fund may be made to political
220 subdivisions as set forth in a loan agreement in amounts not
221 exceeding one hundred percent (100%) of eligible project costs as
222 established by the commission. Notwithstanding loan amount
223 limitations set forth in Section 49-17-61, the commission may
224 require local participation or funding from other sources, or
225 otherwise limit the percentage of costs covered by loans from the
226 revolving fund. The commission may establish a maximum amount for
227 any loan in order to provide for broad and equitable participation
228 in the program.

229 (5) The commission shall establish a hardship grants program
230 for rural communities, which shall commence after July 1, 1997, to
231 assist severely economically disadvantaged small rural political
232 subdivisions in the construction of water pollution control
233 projects. The commission may receive and administer state or
234 federal funds, or both, appropriated for the operation of this
235 grants program and may take all actions necessary to implement the
236 program in accordance with the federal hardship grants program.
237 The hardship grants program shall operate in conjunction with the
238 revolving loan program administered under this section.

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



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

(a) To make loans on the condition that:

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

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

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

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

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

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



268 (e) To earn interest on fund accounts;

269 (f) To establish nonpoint source pollution control
270 management programs;

271 (g) To establish estuary conservation and management
272 programs;

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

278 (i) In connection with the issuance, sale and purchase
279 of bonds under Section 31-25-1 et seq., related to the funding of
280 projects, to provide security or a pledge of revenues for the
281 repayment of the bonds; and

282 (j) To pay the principal and interest on bonds issued
283 pursuant to Section 11 of Chapter 580, Laws of 2007, Section 1 of
284 Chapter 492, Laws of 2008, Section 47 of Chapter 557, Laws of
285 2009, Section 45 of Chapter 533, Laws of 2010, Section 3 of
286 Chapter 480, Laws of 2011, * * * Section 36 of Chapter 569, Laws
287 of 2013, and Section 1 of this act as they become due; however,
288 only interest and investment earnings on money in the fund may be
289 utilized for this purpose.

290 (8) The hardship grants program shall be used only to
291 provide hardship grants consistent with the federal hardship
292 grants program for rural communities, regulations and guidance



issued by the United States Environmental Protection Agency,
subsections (3) and (5) of this section and regulations
promulgated and guidance issued by the commission under this
section.

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

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

(11) The revolving fund shall be credited with all payments
of principal and interest derived from the fund uses described in
subsection (7) of this section. However, notwithstanding any
other provision of law to the contrary, all or any portion of
payments of principal and interest derived from the fund uses
described in subsection (7) of this section may be designated or
pledged for repayment of a loan as provided for in Section
31-25-28 in connection with a loan from the Mississippi
Development Bank.

(12) The commission may establish and collect fees to defray
the reasonable costs of administering the revolving fund if it
determines that the administrative costs will exceed the
limitations established in Section 603(d)(7) of Title VI of the
federal Clean Water Act, as amended. The administration fees may
be included in loan amounts to political subdivisions for the



purpose of facilitating payment to the commission. The fees may not exceed five percent (5%) of the loan amount.

(13) Except as otherwise provided in this section, the commission may, on a case-by-case basis and to the extent allowed by federal law, renegotiate the payment of principal and interest on loans made under this section to the six (6) most southern counties of the state covered by the Presidential Declaration of Major Disaster for the State of Mississippi (FEMA-1604-DR) dated August 29, 2005, and to political subdivisions located in such counties; however, the interest on the loans shall not be forgiven for a period of more than twenty-four (24) months and the maturity of the loans shall not be extended for a period of more than forty-eight (48) months.

(14) The commission may, on a case-by-case basis and to the extent allowed by federal law, renegotiate the payment of principal and interest on loans made under this section to Hancock County as a result of coverage under the Presidential Declaration of Major Disaster for the State of Mississippi (FEMA-1604-DR) dated August 29, 2005, and to political subdivisions located in Hancock County.

SECTION 3. This act shall take effect and be in force from and after July 1, 2016.

