

By: Representative Read

To: Ways and Means

HOUSE BILL NO. 321  
(As Passed the House)

1 AN ACT TO AUTHORIZE THE ISSUANCE OF \$45,000,000.00 IN STATE  
2 GENERAL OBLIGATION BONDS TO PROVIDE FUNDS FOR CAPITAL IMPROVEMENTS  
3 AT THE STATE-OWNED SHIPYARD LOCATED IN JACKSON COUNTY,  
4 MISSISSIPPI; TO PROVIDE THAT THE ISSUANCE OF SUCH BONDS SHALL BE  
5 CONDITIONED ON THE LESSEE INCURRING A CERTAIN AMOUNT OF DEBT  
6 AND/OR DEDICATING A CERTAIN AMOUNT OF FUNDS FOR CAPITAL  
7 IMPROVEMENTS, CAPITAL INVESTMENTS OR CAPITAL UPGRADES TO SHIPYARDS  
8 IN MISSISSIPPI OWNED OR LEASED BY SUCH LESSEE; AND FOR RELATED  
9 PURPOSES.

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

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

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

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



22 (c) "State shipyard" means the shipyard property owned  
23 by the state and located in Jackson County, Mississippi.

24 (d) "State" means the State of Mississippi.

25 (e) "Authority" means the Mississippi Development  
26 Authority.

27 (2) (a) (i) A special fund, to be designated as the "2018  
28 State Shipyard Improvement Fund," is created within the State  
29 Treasury. The fund shall be maintained by the State Treasurer as  
30 a separate and special fund, separate and apart from the General  
31 Fund of the state. Unexpended amounts remaining in the fund at  
32 the end of a fiscal year shall not lapse into the State General  
33 Fund, and any interest earned or investment earnings on amounts in  
34 the fund shall be deposited into such fund.

35 (ii) Monies deposited into the fund shall be  
36 disbursed, in the discretion of the authority, to pay the costs  
37 incurred in making such capital improvements at the state shipyard  
38 as are considered by the authority to be part of the five-year  
39 plan to modernize the state shipyard and keep it competitive with  
40 other shipyards.

41 (iii) Monies in the special fund may be used to  
42 reimburse reasonable actual and necessary costs incurred by the  
43 authority in providing assistance related to a project for which  
44 funding is provided under this act. The authority shall maintain  
45 an accounting of actual costs incurred for each project for which  
46 reimbursements are sought. Reimbursements under this paragraph



47 shall not exceed Three Hundred Thousand Dollars (\$300,000.00) in  
48 the aggregate. Reimbursements under this paragraph shall satisfy  
49 any applicable federal tax law requirements.

50 (iv) Monies in the special fund may be used to  
51 reimburse reasonable actual and necessary costs incurred by the  
52 Department of Audit in providing services related to a project for  
53 which funding is provided under this act. The Department of Audit  
54 shall maintain an accounting of actual costs incurred for each  
55 project for which reimbursements are sought. The Department of  
56 Audit may escalate its budget and expend such funds in accordance  
57 with rules and regulations of the Department of Finance and  
58 Administration in a manner consistent with the escalation of  
59 federal funds. Reimbursements under this paragraph shall not  
60 exceed One Hundred Thousand Dollars (\$100,000.00) in the  
61 aggregate. Reimbursements under this paragraph shall satisfy any  
62 applicable federal tax law requirements.

63 (b) Amounts deposited into such special fund shall be  
64 disbursed to pay the costs of the projects described in this  
65 subsection. If any money in the special fund is not used within  
66 four (4) years after the date the proceeds of the bonds authorized  
67 under this act are deposited into the fund, then the authority  
68 shall provide an accounting of the unused monies to the  
69 commission. Promptly after the commission has certified, by  
70 resolution duly adopted, that the projects described in this  
71 subsection shall have been completed, abandoned, or cannot be



72 completed in a timely fashion, any amounts remaining in such  
73 special fund shall be applied to pay debt service on the bonds  
74 issued under this act, in accordance with the proceedings  
75 authorizing the issuance of such bonds and as directed by the  
76 commission. Before money in the special fund may be used for the  
77 projects described in this subsection, the authority shall require  
78 that the lessee of the shipyard enter into binding commitments  
79 regarding at least the following:

80 (i) That the lessee shall maintain a certain  
81 minimum number of jobs and/or economic impact over a certain  
82 period of time as determined by the authority (any required jobs  
83 must be held by persons eligible for employment in the United  
84 States under applicable state and federal law); and

85 (ii) That if the lessee fails to satisfy any such  
86 commitments, the lessee must repay an amount equal to all or a  
87 portion of the funds provided by the state under this act as  
88 determined by the authority.

89 (3) (a) The commission, at one time, or from time to time,  
90 may declare by resolution the necessity for issuance of general  
91 obligation bonds of the State of Mississippi to provide funds for  
92 all costs incurred or to be incurred for the purposes described in  
93 subsection (2) of this section. No bonds shall be issued under  
94 this act until the authority is provided proof that the lessee of  
95 the shipyard has incurred debt or has otherwise irrevocably  
96 dedicated funds or a combination of debt and funds in the amount



97 of not less than Ninety Million Dollars (\$90,000,000.00) used by  
98 the lessee in calendar year 2006 or thereafter, for capital  
99 improvements, capital investments or capital upgrades at  
100 facilities in Jackson County, Mississippi, owned or leased by the  
101 lessee. The debt or dedication of funds or combination of debt  
102 and funds required of the lessee under this section shall be in  
103 addition to any debt or funds required of the lessee under Section  
104 4 of Chapter 501, Laws of 2003, Section 4 of Chapter 1, Laws of  
105 2004 Third Extraordinary Session, and Section 4 of Chapter 475,  
106 2006 Regular Session, Section 17, Chapter 472, Laws of 2015,  
107 Section 25, Chapter 511, Laws of 2016, and Section 3, Chapter 390,  
108 Laws of 2017. In addition, no bonds shall be issued under this  
109 act until the authority has certified that the lessee has  
110 satisfied the minimum jobs requirements of Section 3(2) of Chapter  
111 501, Laws of 2003, Section 3(2) of Chapter 1, Laws of 2004 Third  
112 Extraordinary Session, and Section 3 of Chapter 475, 2006 Regular  
113 Session. Upon the adoption of a resolution by the authority,  
114 declaring that the lessee has incurred the required amount of debt  
115 and/or irrevocable dedication of funds and maintained the required  
116 minimum number of jobs and/or economic impact and declaring the  
117 necessity for the issuance of any part or all of the general  
118 obligation bonds authorized by this section, the authority shall  
119 deliver a certified copy of its resolution or resolutions to the  
120 commission. Upon receipt of such resolution, the commission, in  
121 its discretion, may act as the issuing agent, prescribe the form



122 of the bonds, determine the appropriate method for sale of the  
123 bonds, advertise for and accept bids or negotiate the sale of the  
124 bonds, issue and sell the bonds so authorized to be sold, and do  
125 any and all other things necessary and advisable in connection  
126 with the issuance and sale of such bonds. The total amount of  
127 bonds issued under this act shall not exceed Forty-five Million  
128 Dollars (\$45,000,000.00). No bonds shall be issued under this  
129 section after July 1, 2022.

130 (b) Any investment earnings on amounts deposited into  
131 the special fund created in subsection (2) of this section shall  
132 be used to pay debt service on bonds issued under this section, in  
133 accordance with the proceedings authorizing issuance of such  
134 bonds.

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



146 such form, all as shall be determined by resolution of the  
147 commission.

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

166 (6) All bonds and interest coupons issued under the  
167 provisions of this section have all the qualities and incidents of  
168 negotiable instruments under the provisions of the Uniform  
169 Commercial Code, and in exercising the powers granted by this



170 section, the commission shall not be required to and need not  
171 comply with the provisions of the Uniform Commercial Code.

172 (7) The commission shall act as issuing agent for the bonds  
173 authorized under this section, prescribe the form of the bonds,  
174 determine the appropriate method for sale of the bonds, advertise  
175 for and accept bids or negotiate the sale of the bonds, issue and  
176 sell the bonds so authorized to be sold, pay all fees and costs  
177 incurred in such issuance and sale, and do any and all other  
178 things necessary and advisable in connection with the issuance and  
179 sale of such bonds. The commission is authorized and empowered to  
180 pay the costs that are incident to the sale, issuance and delivery  
181 of the bonds authorized under this section from the proceeds  
182 derived from the sale of such bonds. The commission may sell such  
183 bonds on sealed bids at public sale or may negotiate the sale of  
184 the bonds for such price as it may determine to be for the best  
185 interest of the State of Mississippi. All interest accruing on  
186 such bonds so issued shall be payable semiannually or annually.

187 If such bonds are sold by sealed bids at public sale, notice  
188 of the sale shall be published at least one (1) time, not less  
189 than ten (10) days before the date of sale, and shall be so  
190 published in one or more newspapers published or having a general  
191 circulation in the City of Jackson, Mississippi, selected by the  
192 commission.

193 The commission, when issuing any bonds under the authority of  
194 this section, may provide that bonds, at the option of the State





195 of Mississippi, may be called in for payment and redemption at the  
196 call price named therein and accrued interest on such date or  
197 dates named therein.

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

208 (9) Upon the issuance and sale of bonds under the provisions  
209 of this section, the commission shall transfer the proceeds of any  
210 such sale or sales to the special fund created in subsection (2)  
211 of this section. The proceeds of such bonds shall be disbursed  
212 solely upon the order of the Department of Finance and  
213 Administration under such restrictions, if any, as may be  
214 contained in the resolution providing for the issuance of the  
215 bonds.

216 (10) The bonds authorized under this section may be issued  
217 without any other proceedings or the happening of any other  
218 conditions or things other than those proceedings, conditions and  
219 things which are specified or required by this section. Any



220 resolution providing for the issuance of bonds under the  
221 provisions of this section shall become effective immediately upon  
222 its adoption by the commission, and any such resolution may be  
223 adopted at any regular or special meeting of the commission by a  
224 majority of its members.

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

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

241 (13) All bonds issued under the provisions of this section  
242 shall be legal investments for trustees and other fiduciaries, and  
243 for savings banks, trust companies and insurance companies  
244 organized under the laws of the State of Mississippi, and such



245 bonds shall be legal securities which may be deposited with and  
246 shall be received by all public officers and bodies of this state  
247 and all municipalities and political subdivisions for the purpose  
248 of securing the deposit of public funds.

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

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

255 (16) The State Treasurer is authorized, without further  
256 process of law, to certify to the Department of Finance and  
257 Administration the necessity for warrants, and the Department of  
258 Finance and Administration is authorized and directed to issue  
259 such warrants, in such amounts as may be necessary to pay when due  
260 the principal of, premium, if any, and interest on, or the  
261 accreted value of, all bonds issued under this section; and the  
262 State Treasurer shall forward the necessary amount to the  
263 designated place or places of payment of such bonds in ample time  
264 to discharge such bonds, or the interest thereon, on the due dates  
265 thereof.

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



270           (18) All improvements made to the state shipyard with the  
271 proceeds of bonds issued pursuant to this act shall, as state  
272 owned property, be exempt from ad valorem taxation, except ad  
273 valorem taxation for school district purposes.

274           **SECTION 2.** This act shall take effect and be in force from  
275 and after July 1, 2018.

