

By: Representatives Pigott, Carpenter,
Corley, Evans (45th), Gipson, Hale, Horne,
Johnson (87th), Morgan, Scoggin, Staples,
Steverson, Touchstone, Tullos, Dixon

To: Agriculture

HOUSE BILL NO. 669

1 AN ACT TO AMEND SECTION 29-3-81, MISSISSIPPI CODE OF 1972, TO
2 REVISE THE MANNER BY WHICH AGRICULTURAL LEASES ON SIXTEENTH
3 SECTION LANDS AND LANDS GRANTED IN LIEU OF SIXTEENTH SECTION LANDS
4 ARE EXTENDED BY PROVIDING THE EXISTING LEASEHOLDER THE FINAL RIGHT
5 TO EXTEND THE LEASE PROVIDED THAT IT MATCHES THE HIGHEST BID
6 RECEIVED BY THE SCHOOL BOARD, RECEIVED AT PUBLIC AUCTION OR
7 ENTERED IN BY PRIVATE CONTRACT ON THE SAME TERMS AND CONDITIONS OF
8 SUCH CONTRACT; TO AMEND SECTION 29-3-63, MISSISSIPPI CODE OF 1972,
9 IN CONFORMITY THERETO; AND FOR RELATED PURPOSES.

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

11 **SECTION 1.** Section 29-3-81, Mississippi Code of 1972, is
12 amended as follows:

13 29-3-81. (1) (a) Sixteenth section lands, or any lands
14 granted in lieu of sixteenth section lands, classified as
15 agricultural may be leased for the cultivation of rice, or
16 pasturage, for a term not to exceed ten (10) years. All other
17 sixteenth section or lieu lands classified as agricultural may be
18 leased for a term not exceeding five (5) years. All leases of
19 land classified as agricultural shall be for a term to expire on
20 December 31. * * * It shall be the duty of the board of education
21 to lease the sixteenth section or lieu lands at public contract



22 after having advertised such lands for rent in a newspaper
23 published in the county or, if no newspaper is published in the
24 county, then in a newspaper having a general circulation therein,
25 for two (2) successive weeks, the first being at least ten (10)
26 days before the public contract. The lease form and the terms so
27 prescribed shall be on file and available for inspection in the
28 office of the superintendent from and after the public notice by
29 advertisement and until finally accepted by the board. * * * The
30 board of education shall publish an advertisement of agricultural
31 land for rent which publication shall be not more than four (4)
32 months before the expiration of the term of an existing lease of
33 the land. * * * Subject to the classification of the land, the
34 board of education shall enter into a new lease on agricultural
35 land before the expiration of an existing lease on the same land,
36 and the new lease shall take effect on the day immediately
37 following the day on which the existing lease expires. The board
38 of education may require bidders to furnish bond or submit
39 evidence of financial ability.

40 (b) Bids received by the board of education in response
41 to the advertisement shall be opened at a regular or special
42 meeting of the board. The board of education, at its option, may
43 reject all bids or accept the highest and best bid received in
44 response to the advertisement * * *. Provided that if the board
45 of education receives an acceptable bid, the most recent holder of
46 the agricultural lease, if it shall have made an offer, shall have



47 the final right to extend its lease for the term advertised at the
48 annual rental value equal to the highest offer received by the
49 board of education.

50 (c) If no bid acceptable to the board of education is
51 received after the required advertisement, the board of education
52 may, within ninety (90) days, lease the same by private contract
53 for an amount greater than the highest bid previously rejected.
54 If the board determines to lease the land by private contract, the
55 most recent holder of the agricultural lease shall have the final
56 right to extend its lease on the same terms and conditions as
57 those contained in the private contract proposed to be accepted by
58 the board of education provided that the contract amount is not
59 less than one hundred twenty percent (120%) of the total rental
60 value of the existing lease.

61 (2) If, during the final year of an existing lease, the
62 board of education notifies the holder of the existing lease that
63 the board of education intends to reclassify the land under
64 Section 29-3-39, the holder of the existing lease may re-lease the
65 land for a term of five (5) years and for a rental amount that is
66 equal to one hundred twenty percent (120%) of the total rental
67 value of the then existing lease. Thereafter, the board of
68 education shall have the option to proceed with the
69 reclassification of the land or may re-lease the land for one (1)
70 additional term of five (5) years after advertising for bids or
71 holding an auction in the same manner as provided in subsection



72 (1) of this section, and the new classification will be
73 implemented upon the expiration of the then existing lease. This
74 subsection does not apply if the board of education intends to
75 reclassify the land under the "commercial" or "industrial" land
76 classification based on a valid business proposal presented to and
77 approved by the board of education.

78 (3) (a) If the board of education receives an acceptable
79 bid in response to the advertisement and elects not to hold an
80 auction among those submitting bids, then the holder of the
81 existing lease may submit a second bid in an amount not less than
82 one hundred five percent (105%) of the highest acceptable bid
83 received if the holder of the existing lease: (i) submitted a bid
84 in response to the advertisement; and (ii) constructed or made
85 improvements on the leasehold premises after receiving approval of
86 the board of education during the term of the existing lease. For
87 purposes of this subsection, the term "improvements" shall not
88 include any work or items that are done customarily on an annual
89 basis in the preparing, planting, growing, cultivating or
90 harvesting of crops or other farm products.

91 (b) If the holder of the existing lease elects to
92 submit a second bid, the board of education shall hold an auction
93 among those who submitted bids in response to the advertisement.
94 The opening bid at the auction shall be the second bid of the
95 holder of the existing lease. However, no leaseholder may submit
96 a second bid if: (i) any rent, taxes or other payment required



97 under his lease are past due; or (ii) he is otherwise in default
98 of any term or provision of the lease and such default has not
99 been corrected or cured to the satisfaction of the board of
100 education after more than thirty (30) days' notice to the
101 leaseholder of the default.

102 (c) If an auction is held, the auction may be conducted
103 at the meeting at which bids are opened or at a subsequent regular
104 or special meeting. The board shall announce the time and place
105 of the auction at the meeting at which bids are opened, and no
106 further notice of the auction is required.

107 (d) If no bid acceptable to the board of education is
108 received after the advertisement or at auction, the board of
109 education may lease, within ninety (90) days, the lands by private
110 contract for an amount greater than the highest bid previously
111 rejected in order to acquire a fair rental value for the lands.
112 If no bids are received in response to the advertisement, the
113 board of education may negotiate a private contract for a fair
114 rental value, and the term of such contract shall expire on
115 December 31 of the same calendar year in which the contract is
116 made. The board of education may take the notes for the rent and
117 attend to their collection. The board has the right and remedies
118 for the security and collection of such rents given by law to the
119 agricultural landlords.

120 (e) If an existing lease is terminated before the
121 expiration of the term originally set therein, upon finding that



122 immediate action is necessary to prevent damage or loss to growing
123 crops or to prevent loss of opportunity to lease the land for the
124 current growing season, the board of education may negotiate a
125 private contract for a fair rental value, and the term of such
126 lease shall expire on December 31 of the same calendar year in
127 which the contract is made.

128 (4) Any holder of a lease on agricultural land that: (a)
129 was granted before July 1, 1997; and (b) has an expiration date on
130 or after April 1 but before December 31 during the final year of
131 the lease term, may extend the term of such lease to December 31
132 next following the expiration date originally provided for in the
133 lease. If such lease is extended, the rent for the period from
134 the original expiration date in the lease to December 31 next
135 following the original expiration date shall be one hundred five
136 percent (105%) of the annual rent provided in the existing lease
137 prorated over the period of the lease extension. At the
138 expiration of the extended lease term or at the expiration of the
139 original lease term if the lease holder does not extend such
140 lease, the land shall be offered for lease as provided in
141 subsections (1) and (2) of this section.

142 **SECTION 2.** Section 29-3-63, Mississippi Code of 1972, is
143 amended as follows:

144 29-3-63. (1) The holder of a lease of sixteenth section or
145 lieu land, at the expiration thereof, shall have a prior right,
146 exclusive of all other persons, to re-lease or to extend an



147 existing lease as may be agreed upon between the holder of the
148 lease and board of education subject to the classification of said
149 land. * * * However, no holder of a lease of sixteenth section
150 land classified as agricultural land shall have any priority
151 rights in extending his lease contract, except as otherwise
152 provided in Section 29-3-81. * * * However, the compensation on
153 an annual basis shall be the fair market rental of the land
154 excluding buildings and improvements made on such land by the
155 lessee, the title to which is not held in trust for the public
156 schools, but in no event shall the compensation be less than the
157 minimum amounts prescribed in subsection (2) of this section.

158 (2) The board of education shall not lease or extend a lease
159 on land classified as industrial or commercial at an annual rental
160 less than five percent (5%) of the current market value, exclusive
161 of buildings or improvements not owned by the school district.
162 Such minimum acceptable percentage shall not apply to land
163 classified as farm-residential, residential, recreational and
164 other land; however, fair market rental will apply to those lands
165 as determined by appraisal, comparative analysis or comparison
166 with the private sector.

167 (3) The prior right to re-lease or extend an existing oil,
168 gas and mineral lease, or any part thereof, granted under this
169 section shall be conditioned upon the existence of production of
170 oil, gas or other minerals thereunder in paying quantities, or the
171 existence of a well capable of such production, or the existence



172 of drilling or reworking operations at the time of lease
173 expiration. * * * However, * * * the lease may, in the discretion
174 of the board of education, be extended only as to the lands
175 included in a unit or units as defined by the appropriate agency
176 having jurisdiction over said unit or units. The replacement
177 lease shall be upon such terms and conditions as may be agreed
178 upon between the holder of the lease and the board of education,
179 provided that the rental and royalty provisions shall not be less
180 than the rental and royalty provisions as set out in the expired
181 lease and the primary term shall not exceed the limitations in
182 Section 29-3-99. Bonus payment for the replacement lease shall be
183 consistent with the requirements set out in Section 29-3-65 with
184 respect to oil, gas and mineral leases.

185 (4) Where used in this section and Section 29-3-65, the term
186 "oil and gas lease" or "oil, gas and mineral lease" shall include
187 all leases originally executed pursuant to Section 29-3-99.

188 (5) The right to re-lease an oil, gas and mineral lease
189 provided in subsection (3) above extends to oil, gas and mineral
190 leases which have already expired as of the effective date of this
191 section, subject to an accounting for production from the date of
192 lease expiration to the date of the replacement lease authorized
193 herein.

194 **SECTION 3.** This act shall take effect and be in force from
195 and after July 1, 2018.

