

By: Senator(s) Doty

To: Education; Finance

SENATE BILL NO. 2603

1 AN ACT TO AMEND SECTION 29-3-113, MISSISSIPPI CODE OF 1972,  
2 TO AUTHORIZE SCHOOL DISTRICTS TO INVEST SIXTEENTH SECTION SCHOOL  
3 LAND PRINCIPAL FUNDS IN MISSISSIPPI GENERAL OBLIGATION OR  
4 MUNICIPAL BONDS; AND FOR RELATED PURPOSES.

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

6 **SECTION 1.** Section 29-3-113, Mississippi Code of 1972, is  
7 amended as follows:

8 29-3-113. The principal fund shall be a permanent township  
9 fund which shall consist of funds heretofore or hereafter derived  
10 from certain uses or for certain resources of school trust lands  
11 which shall be invested and, except as otherwise provided in this  
12 section, only the interest and income derived from such funds  
13 shall be expendable by the school district.

14 The principal fund shall consist of:

15 (a) Funds received for easements and rights-of-way  
16 pursuant to Section 29-3-91;

17 (b) Funds received for sales of lieu land pursuant to  
18 Sections 29-3-15 through 29-3-25;



19 (c) Funds received from any permanent damage to the  
20 school trust land;

21 (d) Funds received from the sale of nonrenewable  
22 resources, including, but not limited to, the sale of sand,  
23 gravel, dirt, clays and royalties received from the sale of  
24 mineral ores, coal, oil and gas;

25 (e) Funds received from the sale of buildings pursuant  
26 to Section 29-3-77;

27 (f) Funds received from the sale of timber; and

28 (g) Funds received pursuant to Section 29-3-23(2).

29 It shall be the duty of the Board of Education to keep the  
30 principal fund invested in any direct obligation issued by or  
31 guaranteed in full as to principal and interest by the United  
32 States of America or in certificates of deposit issued by a  
33 qualified depository of the State of Mississippi as approved by  
34 the State Treasurer or in General Obligation bonds of the State of  
35 Mississippi or of a municipality located in Mississippi. The  
36 certificates of deposit may bear interest at any rate per annum  
37 which may be mutually agreed upon but in no case shall said rate  
38 be less than that paid on passbook savings.

39 The Board of Education is authorized to invest the funds in  
40 interest bearing deposits or other obligations of the types  
41 described in Section 27-105-33 or in any other type investment in  
42 which any other political subdivision of the State of Mississippi  
43 may invest, except that one hundred percent (100%) of the funds



44 are authorized to be invested. For the purposes of investment,  
45 the principal fund of each township may be combined into one or  
46 more district accounts; however, the docket book of the county  
47 superintendent shall at all times reflect the proper source of  
48 such funds. Provided that funds received from the sale of timber  
49 shall be placed in a separate principal fund account, and may be  
50 expended for any of the purposes authorized by law.

51 The Board of Education shall have authority to borrow such  
52 funds at a rate of interest not less than four percent (4%) per  
53 annum and for a term not exceeding twenty (20) years, for the  
54 erection, equipment or repair of said district schools, to provide  
55 local funds for any building project approved by the State Board  
56 of Education or to provide additional funds for forest stand  
57 improvement as set forth in Section 29-3-47. In addition, the  
58 board may borrow the funds under the same interest restrictions  
59 for a term not exceeding ten (10) years to provide funds for the  
60 purchase of school buses. The Board of Education of any school  
61 district in any county that has an aggregate amount of assets in  
62 its principal fund in excess of Five Million Dollars  
63 (\$5,000,000.00), may deduct an amount not to exceed Five Hundred  
64 Thousand Dollars (\$500,000.00) for the purpose of covering the  
65 cost of asbestos removal from school district buildings. Such  
66 asbestos removal shall be construed to constitute the repair of  
67 school district facilities as prescribed in Section 29-3-115.



68       No school land trust funds may be expended after the annual  
69       payment date until the payment is made on such loan. The annual  
70       payment can be made from any funds available to the school  
71       district except minimum foundation program funds.

72       It shall be unlawful for the Board of Education to borrow any  
73       sixteenth section school funds in any other manner than that  
74       prescribed herein, and if any such funds shall be borrowed or  
75       invested in any other manner, any officer concerned in making such  
76       loan and investment or suffering the same to be made in violation  
77       of the provisions of this section, shall be liable personally and  
78       on his official bond for the safety of the funds so loaned.

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

