

By: Representatives Smith, Dixon

To: Ways and Means

HOUSE BILL NO. 1568

1 AN ACT TO AUTHORIZE THE ISSUANCE OF STATE GENERAL OBLIGATION
2 BONDS IN THE AMOUNT OF \$7,940,000.00 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, Mississippi Code
27 of 1972. Upon the adoption of a resolution by the Commission on
28 Environmental Quality declaring the necessity for the issuance of
29 any part or all of the general obligation bonds authorized by this
30 subsection, the Commission on Environmental Quality shall deliver
31 a certified copy of its resolution or resolutions to the
32 commission; however, the Commission on Environmental Quality shall
33 declare the necessity for the issuance of bonds only in the amount
34 necessary to match projected federal funds available through the
35 following federal fiscal year. Upon receipt of such resolution,
36 the commission, in its discretion, may act as the issuing agent,
37 prescribe the form of the bonds, determine the appropriate method
38 for sale of the bonds, advertise for and accept bids or negotiate
39 the sale of the bonds, issue and sell the bonds so authorized to
40 be sold, and do any and all other things necessary and advisable
41 in connection with the issuance and sale of such bonds. The total
42 amount of bonds issued under this section shall not exceed Seven
43 Million Nine Hundred Forty Thousand Dollars (\$7,940,000.00).
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, Mississippi
47 Code of 1972.

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

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



bonds may bear, the signatures of such officers upon such bonds and coupons shall nevertheless be valid and sufficient for all purposes and have the same effect as if the person so officially signing such bonds had remained in office until their delivery to the purchaser, or had been in office on the date such bonds may bear. However, notwithstanding anything herein to the contrary, such bonds may be issued as provided in the Registered Bond Act of the State of Mississippi.

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

(6) The commission shall act as the issuing agent for the bonds authorized under this section, prescribe the form of the bonds, determine the appropriate method for sale of the bonds, advertise for and accept bids or negotiate the sale of the bonds, issue and sell the bonds so authorized to be sold, pay all fees and costs incurred in such issuance and sale, and do any and all other things necessary and advisable in connection with the issuance and sale of such bonds. The commission is authorized and empowered to pay the costs that are incident to the sale, issuance and delivery of the bonds authorized under this section from the proceeds derived from the sale of such bonds. The commission may



96 sell such bonds on sealed bids at public sale or may negotiate the
97 sale of the bonds for such price as it may determine to be for the
98 best interest of the State of Mississippi. All interest accruing
99 on such bonds so issued shall be payable semiannually or annually.

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

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

111 (7) The bonds issued under the provisions of this section
112 are general obligations of the State of Mississippi, and for the
113 payment thereof the full faith and credit of the State of
114 Mississippi is irrevocably pledged. Interest and investment
115 earnings on money in the Water Pollution Control Revolving Fund
116 shall be utilized to pay the principal and interest on such bonds
117 as they become due. If the interest and investment earnings of
118 the fund and any funds appropriated by the Legislature are
119 insufficient to pay the principal of and the interest on such
120 bonds as they become due, then the deficiency shall be paid by the



State Treasurer from any funds in the State Treasury not otherwise appropriated. All such bonds shall contain recitals on their faces substantially covering the provisions of this section.

(8) Upon the issuance and sale of bonds under the provisions of this section, the commission shall transfer the proceeds of any such sale or sales to the Water Pollution Control Revolving Fund created in Section 49-17-85, Mississippi Code of 1972. After the transfer of the proceeds of any such sale or sales to the Water Pollution Control Revolving Fund, any investment earnings or interest earned on the proceeds of such bonds shall be deposited to the credit of the Water Pollution Control Revolving Fund and shall be used only for the purposes provided in Section 49-17-85, Mississippi Code of 1972. The proceeds of such bonds shall be disbursed solely upon the order of the Commission on Environmental Quality under such restrictions, if any, as may be contained in the resolution providing for the issuance of the bonds.

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



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

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

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

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

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

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



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

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

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

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



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

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

240 (6) The commission shall act for the state in all matters
241 and with respect to all determinations under Title VI of the
242 federal Water Quality Act of 1987, as amended, and the federal
243 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;



269 (e) To earn interest on fund accounts;

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

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

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

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

283 (j) To pay the principal and interest on bonds issued
284 pursuant to Section 11 of Chapter 580, Laws of 2007, Section 1 of
285 Chapter 492, Laws of 2008, Section 47 of Chapter 557, Laws of
286 2009, Section 45 of Chapter 533, Laws of 2010, Section 3 of
287 Chapter 480, Laws of 2011, Section 36 of Chapter 569, Laws of
288 2013, * * * Section 9 of Chapter 452, Laws of 2018, and Section 1
289 of this act, as they become due; however, only interest and
290 investment earnings on money in the fund may be utilized for this
291 purpose.

292 (8) The hardship grants program shall be used only to
293 provide hardship grants consistent with the federal hardship



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 * * * 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, 2019.

