

By: Representative Mims

To: Public Health and Human Services; Ways and Means

HOUSE BILL NO. 152

1 AN ACT TO ESTABLISH A RURAL HOSPITAL CAPITAL IMPROVEMENTS
 2 REVOLVING LOAN PROGRAM FOR THE PURPOSE OF MAKING LOANS TO RURAL
 3 HOSPITALS TO ASSIST THOSE HOSPITALS IN MAKING CAPITAL IMPROVEMENTS
 4 TO THEIR FACILITIES; TO PROVIDE THAT THE PROGRAM WILL BE
 5 ADMINISTERED BY THE STATE DEPARTMENT OF HEALTH; TO CREATE A
 6 SPECIAL FUND IN THE STATE TREASURY TO BE DESIGNATED THE "RURAL
 7 HOSPITALS CAPITAL IMPROVEMENTS REVOLVING LOAN FUND"; TO PROVIDE
 8 THAT THE REVOLVING FUND WILL BE CREDITED WITH ALL REPAYMENTS OF
 9 PRINCIPAL AND INTEREST DERIVED FROM LOANS MADE FROM THE REVOLVING
 10 FUND; TO AUTHORIZE THE DEPARTMENT TO MAKE LOANS FROM THE REVOLVING
 11 FUND TO RURAL HOSPITALS AS SET FORTH IN A LOAN AGREEMENT IN AN
 12 AMOUNT OF NOT MORE THAN FIVE HUNDRED THOUSAND DOLLARS PER LOAN; TO
 13 PROVIDE THAT A RURAL HOSPITAL MAY NOT RECEIVE ANOTHER LOAN WITHIN
 14 FIVE YEARS AFTER RECEIVING A LOAN FROM THE REVOLVING FUND; TO
 15 PRESCRIBE THE POWERS AND DUTIES OF THE DEPARTMENT IN ADMINISTERING
 16 THE PROGRAM; TO AUTHORIZE THE ISSUANCE OF STATE GENERAL OBLIGATION
 17 BONDS TO PROVIDE MONIES FOR THE REVOLVING FUND; AND FOR RELATED
 18 PURPOSES.

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

20 **SECTION 1.** (1) There is established a rural hospital
 21 capital improvements revolving loan program for the purpose of
 22 making loans to rural hospitals to assist those hospitals in
 23 making capital improvements to their facilities. The program
 24 shall be administered by the State Department of Health, referred
 25 to in this section as "department." Loan proceeds may be used by
 26 the recipient hospital for planning, professional services,



27 acquisition of personal property, construction,
28 construction-related services, maintenance, and any other
29 reasonable use that the department, in its discretion, may allow.
30 For the purposes of this section, the term "rural hospital" means
31 a licensed hospital that has fifty (50) or fewer licensed beds.

32 (2) There is created a special fund in the State Treasury to
33 be designated as the "Rural Hospitals Capital Improvements
34 Revolving Loan Fund," referred to in this section as "revolving
35 fund." The revolving fund shall consist of those monies as
36 provided in Sections 2 and 9 of this act and any appropriations,
37 bond proceeds, grants, gifts, donations and any other funds from
38 any source, public or private, designated for deposit into the
39 fund. The revolving fund shall be credited with all repayments of
40 principal and interest derived from loans made from the revolving
41 fund. The revolving fund shall be maintained in perpetuity for
42 the purposes established in this section. Unexpended amounts
43 remaining in the revolving fund at the end of a fiscal year shall
44 not lapse into the State General Fund, and any interest earned on
45 amounts in the revolving fund shall be deposited to the credit of
46 the fund. Monies in the revolving fund may not be used or
47 expended for any purpose except as authorized under this section,
48 and may be expended only in amounts appropriated by the
49 Legislature. Any monies in the revolving fund may be used to
50 match any federal funds that are available for the same or related
51 purposes for which funds are used and expended under this section.



52 Any federal funds shall be used and expended only in accordance
53 with federal laws, rules and regulations governing the expenditure
54 of those funds.

55 (3) The department may make loans from the revolving fund to
56 rural hospitals as set forth in a loan agreement in an amount of
57 not more than Five Hundred Thousand Dollars (\$500,000.00) per
58 loan, but not to exceed one hundred percent (100%) of eligible
59 project costs as established by the department. A rural hospital
60 may not receive another loan from the revolving fund within five
61 (5) years after receiving a loan from the fund. The interest rate
62 on those loans may vary from time to time and from loan to loan,
63 and will be at or below market interest rates as determined by the
64 department. The department may require funding participation by
65 the rural hospitals or funding from other sources, or otherwise
66 limit the percentage of costs covered by loans from the revolving
67 fund. The department shall act as quickly as is practicable and
68 prudent in deciding on any loan request that it receives.

69 (4) A rural hospital receiving a loan from the revolving
70 fund must establish a dedicated source of revenue for repayment of
71 the loan. Before a rural hospital may receive a loan, it must
72 have executed with the department a loan agreement evidencing that
73 loan. The loan agreement shall not be construed to prohibit any
74 recipient hospital from prepaying any part or all of the funds
75 received. The repayment schedule in each loan agreement shall
76 provide for (a) monthly payments, (b) semiannual payments, or (c)



77 other periodic payments, the annual total of which shall not
78 exceed the annual total for any other year of the loan by more
79 than fifteen percent (15%). The loan agreement shall provide for
80 the repayment of all funds received from the revolving fund within
81 not more than fifteen (15) years, and any repayment shall begin
82 not later than one (1) year after project completion.

83 (5) A rural hospital that receives a loan from the revolving
84 fund shall repay that loan by making payments each month to the
85 State Treasurer through the Department of Finance and
86 Administration for and on behalf of the department according to
87 Section 7-7-15, to be credited to the revolving fund. Loan
88 repayments shall be according to a repayment schedule contained in
89 each loan agreement as provided in subsection (4) of this section.

90 (6) The State Auditor, upon request of the department, shall
91 audit the receipts and expenditures of a rural hospital whose loan
92 repayments appear to be in arrears, and if the Auditor finds that
93 the rural hospital is in arrears in those repayments, the Auditor
94 shall immediately notify the department, which may take any action
95 as may be necessary to enforce the terms of the loan agreement,
96 until such time as the rural hospital is again current in its loan
97 repayments as certified by the Auditor.

98 (7) Except as otherwise provided in this section, all monies
99 deposited in the revolving fund, including loan repayments and
100 interest earned on those repayments, shall be used only for
101 providing loans to rural hospitals in accordance with the



102 provisions of this section as the department deems appropriate.
103 However, any amounts in the revolving fund may be used by the
104 department to defray the reasonable costs of administering the
105 revolving fund and conducting activities under this section,
106 subject to appropriation by the Legislature.

107 (8) In administering the program established under this
108 section, the department shall have the following powers and
109 duties:

110 (a) To supervise the use of all funds made available
111 for the program under this section and Sections 2 through 16 of
112 this act;

113 (b) To promulgate rules and regulations, to make
114 variances and exceptions thereto, and to establish procedures in
115 accordance with this section, for the implementation of the
116 program;

117 (c) To review and certify all projects for which funds
118 are made available to rural hospitals under this section;

119 (d) To requisition monies in the revolving fund and
120 distribute those monies to rural hospitals on a project-by-project
121 basis;

122 (e) To ensure that the funds made available under this
123 section for projects are distributed among rural hospitals under a
124 priority system established by the department;

125 (f) To maintain in accordance with generally accepted
126 government accounting standards an accurate record of all monies



127 in the revolving fund made available to rural hospitals under this
128 section and the costs for each project;

129 (g) To establish policies, procedures and requirements
130 concerning financial capability to repay loans that may be used in
131 approving loans available under this section; and

132 (h) To file annually with the Legislature a report
133 detailing how monies in the revolving fund were spent during the
134 preceding fiscal year by each rural hospital, the number of
135 projects approved and constructed, and the cost of each project.

136 **SECTION 2.** The State Board of Health, at one time, or from
137 time to time, may declare by resolution the necessity for issuance
138 of general obligation bonds of the State of Mississippi to provide
139 funds for all costs incurred or to be incurred by the State
140 Department of Health in assisting rural hospitals in making
141 capital improvements to their facilities as provided in Section 1
142 of this act. Upon the adoption of a resolution by the board
143 declaring the necessity for the issuance of any part or all of the
144 general obligation bonds authorized by this section, the board
145 shall deliver a certified copy of its resolution or resolutions to
146 the State Bond Commission. Upon receipt of such resolution, the
147 State Bond Commission, in its discretion, may act as the issuing
148 agent, prescribe the form of the bonds, determine the appropriate
149 method for the sale of the bonds, advertise for and accept bids or
150 negotiate the sale of the bonds, issue and sell the tax exempt or
151 taxable bonds so authorized to be sold, and do any and all other



152 things necessary and advisable in connection with the issuance and
153 sale of such bonds. The amount of bonds issued under Sections 2
154 through 16 of this act shall not exceed Ten Million Dollars
155 (\$10,000,000.00), the proceeds of which shall be deposited in the
156 Rural Hospitals Capital Improvements Revolving Fund.

157 **SECTION 3.** The principal of and interest on the bonds
158 authorized under Section 2 of this act shall be payable in the
159 manner provided in this section. Such bonds shall bear such date
160 or dates, be in such denomination or denominations, bear interest
161 at such rate or rates (not to exceed the limits set forth in
162 Section 75-17-101), be payable at such place or places within or
163 without the State of Mississippi, shall mature absolutely at such
164 time or times not to exceed twenty-five (25) years from date of
165 issue, be redeemable before maturity at such time or times and
166 upon such terms, with or without premium, shall bear such
167 registration privileges, and shall be substantially in such form,
168 all as shall be determined by resolution of the State Bond
169 Commission.

170 **SECTION 4.** The bonds authorized by Section 2 of this act
171 shall be signed by the Chairman of the State Bond Commission, or
172 by his facsimile signature, and the official seal of the State
173 Bond Commission shall be affixed thereto, attested by the
174 Secretary of the State Bond Commission. The interest coupons, if
175 any, to be attached to such bonds may be executed by the facsimile
176 signatures of such officers. Whenever any such bonds shall have



177 been signed by the officials designated to sign the bonds who were
178 in office at the time of such signing but who may have ceased to
179 be such officers before the sale and delivery of such bonds, or
180 who may not have been in office on the date such bonds may bear,
181 the signatures of such officers upon such bonds and coupons shall
182 nevertheless be valid and sufficient for all purposes and have the
183 same effect as if the person so officially signing such bonds had
184 remained in office until their delivery to the purchaser, or had
185 been in office on the date such bonds may bear. However,
186 notwithstanding anything herein to the contrary, such bonds may be
187 issued as provided in the Registered Bond Act of the State of
188 Mississippi.

189 **SECTION 5.** All bonds and interest coupons issued under the
190 provisions of Sections 2 through 16 of this act have all the
191 qualities and incidents of negotiable instruments under the
192 provisions of the Uniform Commercial Code, and in exercising the
193 powers granted by Sections 2 through 16 of this act, the State
194 Bond Commission shall not be required to and need not comply with
195 the provisions of the Uniform Commercial Code.

196 **SECTION 6.** The State Bond Commission shall act as the
197 issuing agent for the bonds authorized under Sections 2 through 16
198 of this act, prescribe the form of the bonds, determine the
199 appropriate method for sale of the bonds, advertise for and accept
200 bids or negotiate the sale of the bonds, issue and sell the bonds
201 so authorized to be sold, pay all fees and costs incurred in such



202 issuance and sale, and do all other things necessary and advisable
203 in connection with the issuance and sale of the bonds. The State
204 Bond Commission may pay the costs that are incident to the sale,
205 issuance and delivery of the bonds authorized under Sections 2
206 through 16 of this act from the proceeds derived from the sale of
207 the bonds. The State Bond Commission shall sell such bonds on
208 sealed bids at public sale or may negotiate the sale of the bonds
209 for such price as it may determine to be for the best interest of
210 the State of Mississippi. All interest accruing on such bonds so
211 issued shall be payable semiannually or annually.

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

218 The State Bond Commission, when issuing any bonds under the
219 authority of Sections 2 through 16 of this act, may provide that
220 bonds, at the option of the State of Mississippi, may be called in
221 for payment and redemption at the call price named therein and
222 accrued interest on such date or dates named therein.

223 **SECTION 7.** The bonds issued under the provisions of Sections
224 2 through 16 of this act are general obligations of the State of
225 Mississippi, and for the payment thereof the full faith and credit
226 of the State of Mississippi is irrevocably pledged. If the funds



227 appropriated by the Legislature are insufficient to pay the
228 principal of and interest on such bonds as they become due, then
229 the deficiency shall be paid by the State Treasurer from any funds
230 in the State Treasury not otherwise appropriated. All such bonds
231 shall contain recitals on their faces substantially covering the
232 provisions of this section.

233 **SECTION 8.** The State Treasurer is authorized, without
234 further process of law, to certify to the Department of Finance
235 and Administration the necessity for warrants, and the Department
236 of Finance and Administration is authorized and directed to issue
237 such warrants, in such amounts as may be necessary to pay when due
238 the principal of, premium, if any, and interest on, or the
239 accreted value of, all bonds issued under Sections 2 through 16 of
240 this act; and the State Treasurer shall forward the necessary
241 amount to the designated place or places of payment of such bonds
242 in ample time to discharge such bonds, or the interest on the
243 bonds, on their due dates.

244 **SECTION 9.** Upon the issuance and sale of bonds under the
245 provisions of Sections 2 through 16 of this act, the State Bond
246 Commission shall transfer the proceeds of any sale or sales of
247 bonds to the Rural Hospitals Capital Improvements Revolving Fund.
248 After such transfer, all investment earnings or interest earned on
249 the proceeds of such bonds shall be deposited to the credit of the
250 revolving fund, and shall be used only for the purposes
251 established in Section 1 of this act. The proceeds of such bonds



252 shall be disbursed solely upon the order of the State Department
253 of Health under such restrictions, if any, as may be contained in
254 the resolution providing for the issuance of the bonds.

255 **SECTION 10.** The bonds authorized under Sections 2 through 16
256 of this act may be issued without any other proceedings or the
257 happening of any other conditions or things other than those
258 proceedings, conditions and things which are specified or required
259 by Sections 2 through 16 of this act. Any resolution providing
260 for the issuance of bonds under the provisions of Sections 2
261 through 16 of this act shall become effective immediately upon its
262 adoption by the State Bond Commission, and any such resolution may
263 be adopted at any regular or special meeting of the State Bond
264 Commission by a majority of its members.

265 **SECTION 11.** The bonds authorized under the authority of
266 Sections 2 through 16 of this act may be validated in the Chancery
267 Court of the First Judicial District of Hinds County, Mississippi,
268 in the manner and with the force and effect provided by Chapter
269 13, Title 31, Mississippi Code of 1972, for the validation of
270 county, municipal, school district and other bonds. The notice to
271 taxpayers required by such statutes shall be published in a
272 newspaper published or having a general circulation in the City of
273 Jackson, Mississippi.

274 **SECTION 12.** Any holder of bonds issued under the provisions
275 of Sections 2 through 16 of this act or of any of the interest
276 coupons pertaining thereto may, either at law or in equity, by



277 suit, action, mandamus or other proceeding, protect and enforce
278 all rights granted under Sections 2 through 16 of this act, or
279 under such resolution, and may enforce and compel performance of
280 all duties required by Sections 2 through 16 of this act to be
281 performed, in order to provide for the payment of bonds and
282 interest thereon.

283 **SECTION 13.** All bonds issued under the provisions of
284 Sections 2 through 16 of this act shall be legal investments for
285 trustees and other fiduciaries, and for savings banks, trust
286 companies and insurance companies organized under the laws of the
287 State of Mississippi, and such bonds shall be legal securities
288 which may be deposited with and shall be received by all public
289 officers and bodies of this state and all municipalities and
290 political subdivisions for the purpose of securing the deposit of
291 public funds.

292 **SECTION 14.** Bonds issued under the provisions of Sections 2
293 through 16 of this act and income therefrom shall be exempt from
294 all taxation in the State of Mississippi.

295 **SECTION 15.** The proceeds of the bonds issued under the
296 provisions of Sections 2 through 16 of this act shall be used
297 solely for the purposes herein provided, including the costs
298 incident to the issuance and sale of such bonds.

299 **SECTION 16.** Sections 2 through 16 of this act shall be
300 deemed to be full and complete authority for the exercise of the
301 powers granted, but Sections 2 through 16 of this act shall not be



302 deemed to repeal or to be in derogation of any existing law of
303 this state.

304 **SECTION 17.** This act shall take effect and be in force from
305 and after July 1, 2020.

