

By: Representatives Barton, Byrd

To: Municipalities; County
Affairs

HOUSE BILL NO. 278

1 AN ACT TO AMEND SECTION 29-3-63, MISSISSIPPI CODE OF 1972, TO
2 PROVIDE THAT IF A BOARD OF EDUCATION LEASES OR EXTENDS A LEASE ON
3 SIXTEENTH SECTION LAND THAT IS CLASSIFIED AS INDUSTRIAL,
4 COMMERCIAL OR RECREATIONAL WITH THE GOVERNING AUTHORITIES OF ANY
5 MUNICIPALITY OR COUNTY, THEN THE BOARD MAY LEASE OR EXTEND THE
6 LEASE FOR LESS THAN THE MINIMUM ACCEPTABLE PERCENTAGE, WHICH IS
7 FIVE PERCENT OF THE CURRENT MARKET VALUE, AS LONG AS THE LEASE OF
8 THE LAND IS UTILIZED BY THE GOVERNING AUTHORITIES FOR A PUBLIC
9 PURPOSE; AND FOR RELATED PURPOSES.

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

11 **SECTION 1.** Section 29-3-63, Mississippi Code of 1972, is
12 amended as follows:

13 29-3-63. (1) The holder of a lease of sixteenth section or
14 lieu land, at the expiration thereof, shall have a prior right,
15 exclusive of all other persons, to re-lease or to extend an
16 existing lease as may be agreed upon between the holder of the
17 lease and board of education subject to the classification of said
18 land. Provided, however, no holder of a lease of sixteenth
19 section land classified as agricultural land shall have any
20 priority rights in extending his lease contract, except as
21 otherwise provided in Section 29-3-81. Provided, however, the



22 compensation on an annual basis shall be the fair market rental of
23 the land excluding buildings and improvements made on such land by
24 the lessee, the title to which is not held in trust for the public
25 schools, but in no event shall the compensation be less than the
26 minimum amounts prescribed in subsection (2) of this section.

27 (2) (a) Except as otherwise provided under paragraph (b) of
28 this subsection, the board of education shall not lease or extend
29 a lease on land classified as industrial or commercial at an
30 annual rental less than five percent (5%) of the current market
31 value, exclusive of buildings or improvements not owned by the
32 school district. Such minimum acceptable percentage shall not
33 apply to land classified as farm-residential, residential,
34 recreational and other land; however, fair market rental will
35 apply to those lands as determined by appraisal, comparative
36 analysis or comparison with the private sector.

37 (b) If the board of education leases or extends a lease
38 on land classified as industrial, commercial or recreational with
39 the governing authorities of any municipality or the board of
40 supervisors of any county, then the board may lease or extend a
41 lease for such land at an annual rental rate that is less than
42 five percent (5%) of the current market value, exclusive of
43 buildings or improvements not owned by the school district, as
44 long as the municipality or county utilizes the land for a public
45 purpose.



46 (3) The prior right to re-lease or extend an existing oil,
47 gas and mineral lease, or any part thereof, granted under this
48 section shall be conditioned upon the existence of production of
49 oil, gas or other minerals thereunder in paying quantities, or the
50 existence of a well capable of such production, or the existence
51 of drilling or reworking operations at the time of lease
52 expiration. Provided, however, that said lease may, in the
53 discretion of the board of education, be extended only as to the
54 lands included in a unit or units as defined by the appropriate
55 agency having jurisdiction over said unit or units. The
56 replacement lease shall be upon such terms and conditions as may
57 be agreed upon between the holder of the lease and the board of
58 education, provided that the rental and royalty provisions shall
59 not be less than the rental and royalty provisions as set out in
60 the expired lease and the primary term shall not exceed the
61 limitations in Section 29-3-99. Bonus payment for the replacement
62 lease shall be consistent with the requirements set out in Section
63 29-3-65 with respect to oil, gas and mineral leases.

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

67 (5) The right to re-lease an oil, gas and mineral lease
68 provided in subsection (3) above extends to oil, gas and mineral
69 leases which have already expired as of the effective date of this
70 section, subject to an accounting for production from the date of



71 lease expiration to the date of the replacement lease authorized
72 herein.

73 **SECTION 2.** This act shall take effect and be in force from
74 and after July 1, 2020.

