

By: Senator(s) Hopson

To: Education

SENATE BILL NO. 2565

1 AN ACT TO AMEND SECTION 29-3-113, MISSISSIPPI CODE OF 1972,  
2 TO AUTHORIZE SCHOOL DISTRICTS TO SPEND INTEREST ACCRUED FROM 16TH  
3 SECTION TRUSTS ONCE THE SCHOOL DISTRICT IS CURRENT ON ITS LOAN  
4 PAYMENTS; 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. The certificates of deposit may bear  
35 interest at any rate per annum which may be mutually agreed upon  
36 but in no case shall said rate be less than that paid on passbook  
37 savings.

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



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

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

67 No school land trust funds may be expended after the annual  
68 payment date until the payment is made on such loan. Once a



69 district is current on its loan payments, the district may spend  
70 expendable trust funds earned or accumulated in previous years for  
71 any purpose for which expendable trust funds may be spent. The  
72 annual payment can be made from any funds available to the school  
73 district except minimum foundation program funds.

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

81 **SECTION 2.** This act shall take effect and be in force from  
82 and after its passage.

