

By: Representatives McGee, Mickens

To: Education

HOUSE BILL NO. 1258

1 AN ACT TO AMEND SECTION 29-3-63, MISSISSIPPI CODE OF 1972, TO
 2 AUTHORIZE A LOCAL SCHOOL BOARD OF A CERTAIN SCHOOL DISTRICT TO
 3 EXTEND THE LONG-TERM LEASE OF A HOLDER OF 16TH SECTION LAND, WHICH
 4 IS FREE OF ANY OUTSTANDING FINANCIAL OBLIGATION WITH LESS THAN 30
 5 YEARS REMAINING ON THE ORIGINAL TERM, FOR AN ADDITIONAL PERIOD NOT
 6 TO EXCEED 25 YEARS UPON TERMS AND CONDITIONS ACCEPTABLE TO THE
 7 BOARD; AND FOR RELATED PURPOSES.

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

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

11 29-3-63. (1) The holder of a lease of sixteenth section or
 12 lieu land, at the expiration thereof, shall have a prior right,
 13 exclusive of all other persons, to re-lease or to extend an
 14 existing lease as may be agreed upon between the holder of the
 15 lease and board of education subject to the classification of said
 16 land. Provided, however, no holder of a lease of sixteenth
 17 section land classified as agricultural land shall have any
 18 priority rights in extending his lease contract, except as
 19 otherwise provided in Section 29-3-81. Provided, however, the
 20 compensation on an annual basis shall be the fair market rental of



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

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

34 (3) The prior right to re-lease or extend an existing oil,
35 gas and mineral lease, or any part thereof, granted under this
36 section shall be conditioned upon the existence of production of
37 oil, gas or other minerals thereunder in paying quantities, or the
38 existence of a well capable of such production, or the existence
39 of drilling or reworking operations at the time of lease
40 expiration. Provided, however, that said lease may, in the
41 discretion of the board of education, be extended only as to the
42 lands included in a unit or units as defined by the appropriate
43 agency having jurisdiction over said unit or units. The
44 replacement lease shall be upon such terms and conditions as may
45 be agreed upon between the holder of the lease and the board of



46 education, provided that the rental and royalty provisions shall
47 not be less than the rental and royalty provisions as set out in
48 the expired lease and the primary term shall not exceed the
49 limitations in Section 29-3-99. Bonus payment for the replacement
50 lease shall be consistent with the requirements set out in Section
51 29-3-65 with respect to oil, gas and mineral leases.

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

55 (5) The right to re-lease an oil, gas and mineral lease
56 provided in subsection (3) above extends to oil, gas and mineral
57 leases which have already expired as of May 7, 1992, subject to an
58 accounting for production from the date of lease expiration to the
59 date of the replacement lease authorized herein.

60 (6) The board of education of a school district located in a
61 municipality where Interstate 59 and U.S. Highway 49 intersect in
62 the Broadway - West Pine redevelopment area may grant the holder
63 of a valid lease with a term of ninety-nine (99) years, which has
64 completely satisfied the financial obligation of the original
65 lease agreement, being free and clear of any debt pertaining
66 thereto, and which has less than thirty (30) years remaining on
67 its original term, the right to extend said lease for a period not
68 to exceed twenty-five (25) years under any additional agreed upon
69 terms, which shall serve as an addendum to the original lease



70 agreement, and for consideration acceptable to the board and
71 spread upon its minutes.

72 **SECTION 2.** This act shall take effect and be in force from
73 and after July 1, 2024.

