

By: Senator(s) McMahan

To: Municipalities; Finance

SENATE BILL NO. 2503

1 AN ACT TO CREATE THE "PROPERTY CLEANUP REVOLVING FUND" TO
 2 ASSIST MUNICIPALITIES WITH THE CLEAN UP OF PROPERTIES THAT HAVE
 3 BEEN DETERMINED TO BE A MENACE TO THE PUBLIC HEALTH, SAFETY AND
 4 WELFARE OF THE COMMUNITY IN ACCORDANCE WITH SECTION 21-19-11 OR
 5 COURT; TO AUTHORIZE THE CREATION OF A GRANT PROGRAM AND A
 6 REVOLVING LOAN PROGRAM ADMINISTERED BY THE MISSISSIPPI HOME
 7 CORPORATION FOR SUCH PROPERTY CLEANUP BY THE MUNICIPALITY; TO
 8 AUTHORIZE MUNICIPALITIES TO ENTER INTO AGREEMENTS AND TAKE SUCH
 9 ACTIONS NECESSARY TO PARTICIPATE IN THE GRANT PROGRAM AND LOAN
 10 PROGRAM; AND FOR RELATED PURPOSES.

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

12 **SECTION 1. Definitions.** For the purposes of this act, the
 13 following words and phrases shall have the meanings ascribed
 14 herein unless the context clearly requires otherwise:

15 (a) "Corporation" means the Mississippi Home
 16 Corporation.

17 (b) "Loan agreement" means an agreement by and among
 18 the corporation, a municipality, and the Department of Revenue to
 19 evidence the terms and provisions of a loan under this act.

20 (c) "Municipality" means any incorporated city, town,
 21 or village under state law.



22 (d) "Municipal security" means a bond, note, line of
23 credit or other evidence of indebtedness issued by a municipality
24 to evidence a loan pursuant to the provisions of this act.

25 (e) "Project" means property cleanup conducted by a
26 municipality or its contractors pursuant to Section 21-19-11 or as
27 authorized by a court of law.

28 (f) "Revolving fund" means the Property Cleanup
29 Revolving Fund created under Section 2.

30 (g) "State" means the State of Mississippi.

31 **SECTION 2. Establishment of revolving fund.** (1) There is
32 established in the State Treasury a fund to be known as the
33 "Property Cleanup Revolving Fund," which shall be administered by
34 the corporation. The revolving fund shall be funded from any
35 funds appropriated or otherwise made available by the Legislature
36 in any manner, the proceeds of bonds authorized to be issued by
37 this act, and funds from any other source whether or not
38 designated for deposit into such fund. Unexpended amounts
39 remaining in the revolving fund at the end of a fiscal year shall
40 not lapse into the State General Fund, and any investment earnings
41 or interest earned on amounts in the revolving fund shall be
42 deposited to the credit of the revolving fund. The revolving fund
43 shall be maintained in perpetuity for the purposes established in
44 this section.

45 (2) The corporation shall establish a grant program and loan
46 program utilizing the funds in the revolving fund which shall



47 commence after July 1, 2023, to assist municipalities in projects
48 to clean up property as authorized by Section 21-19-11 or a court.
49 The corporation shall promulgate such guidelines, rules, forms,
50 and regulations as may be necessary to carry out the provisions of
51 this act. Grants and loans, or an aggregate thereof, from the
52 revolving fund may be made to municipalities as set forth in an
53 agreement in amounts not exceeding one hundred percent (100%) of
54 estimated costs of a project allowed by Section 21-19-11 or a
55 court and as otherwise allowed by this act. The corporation shall
56 establish a maximum amount for any grant or loan in order to
57 provide for broad and equitable participation in the program.

58 (3) Except as otherwise provided in this section, the
59 revolving fund may be used only:

60 (a) To make loans on the condition that:

61 (i) The loans are made at or below market interest
62 rates, and the interest rate may vary from time to time and from
63 loan to loan at the discretion of the corporation;

64 (ii) Principal and interest payments may in the
65 discretion of the corporation commence not later than one (1) year
66 after the date of the loan; and

67 (iii) The recipient of a loan will establish a
68 dedicated source of revenue for repayment of loans from any
69 available funds of the municipality;

70 (b) To buy or refinance the debt obligations of
71 municipalities at or below market rates where the projects were



72 undertaken in compliance with applicable federal and state
73 regulations;

74 (c) To guarantee, or purchase insurance for,
75 obligations of municipalities where the action would improve
76 credit market access or reduce interest rates;

77 (d) To provide loan guarantees for similar revolving
78 funds established by municipalities;

79 (e) To earn interest on fund accounts;

80 (f) For the reasonable costs of administering the
81 revolving fund and conducting activities under this act;

82 (g) To make grants upon receipt of an application from
83 a municipality on the condition that:

84 (i) No more than twenty percent (20%) of the funds
85 in the revolving fund at the beginning of each fiscal year, as
86 determined by the corporation, may be used for the grant program
87 each fiscal year;

88 (ii) A municipality may not have a population of
89 more than 10,000 people based on the most recent United States
90 decennial census;

91 (iii) A municipality may not receive more than one
92 (1) grant in any single fiscal year; and

93 (iv) A municipality shall reimburse the
94 corporation from any funds received from the sale of the project
95 for which a grant was awarded, and such funds shall be deposited
96 in the revolving fund.



97 (4) The corporation may provide a loan or grant from the
98 revolving fund only with respect to a project if that project has
99 been determined by the municipality to be a menace to the public
100 health, safety and welfare of the community in accordance with
101 Section 21-19-11 or if a court has authorized a municipality to
102 clean up the property. A grant or loan may be made for more than
103 one project in a municipality.

104 (5) The revolving fund shall be credited with all payments
105 of principal and interest derived from the fund uses described in
106 subsection (3) of this section and such payments shall not lapse
107 into the state general fund.

108 (6) The corporation may establish and collect fees to defray
109 the reasonable costs of administering the revolving fund. The
110 administration fees may be paid from the revolving fund and
111 included in grant and loan amounts to municipalities for the
112 purpose of facilitating payment to the corporation. The fees may
113 not exceed three percent (3%) of the grant or loan amount.

114 (7) Notwithstanding anything herein to the contrary, the
115 corporation may, on a case-by-case basis, renegotiate the payment
116 of principal and interest on loans made under this section to
117 municipalities located in areas designated as a major disaster
118 area by the President of the United States.

119 **SECTION 3. Loan repayment.** (1) A municipality which
120 receives a loan from the revolving fund is required to and
121 authorized to pledge for the repayment of such loan (a) any part



122 of the sales tax reimbursement to which it may be entitled under
123 Section 27-65-75, (b) any part of the homestead exemption annual
124 tax loss reimbursement to which it may be entitled under Section
125 27-33-77, and (c) funds received from the sale, pursuant to
126 Section 21-19-11, of the property that loan proceeds were used for
127 the project up to the amount of the cost assessed by the
128 municipality against the property to meet a repayment schedule set
129 forth in a loan agreement. The loan agreement shall provide for
130 (i) monthly payments, (ii) semiannual payments or (iii) other
131 periodic payments, the annual total of which shall not exceed the
132 annual total for any other year of the loan by more than fifteen
133 percent (15%). The loan agreement shall provide for the repayment
134 of all funds received from the revolving fund for a period not to
135 exceed twenty (20) years. The Department of Revenue shall pay to
136 the revolving fund monthly, or as often as is practicable, from
137 the amount, which would otherwise be remitted to the municipality
138 from its sales tax reimbursement or homestead exemption annual tax
139 loss reimbursement, the amounts set forth in such loan agreement.

140 (2) Before any municipality shall receive any loan from the
141 revolving fund, it shall have executed with the Department of
142 Revenue and the corporation a loan agreement evidencing that loan.
143 The loan agreement provided for in this section shall not be
144 construed to prohibit any recipient from prepaying any part or all
145 of the funds received.



146 (3) Municipal securities incurred or issued either pursuant
147 to this act, in relation to this act, or pursuant to any other law
148 as evidence of any loan made or indebtedness incurred pursuant to
149 this act, shall not be deemed indebtedness within the meaning
150 specified in Section 21-33-303 or subject to any debt limitations
151 thereof.

152 **SECTION 4. Municipal authority.** (1) Municipal governing
153 authorities are hereby authorized to apply for a grant and borrow
154 monies under the provisions of Sections 1 through 6 of this act,
155 to issue municipal securities to evidence such loans, and to enter
156 into such other agreements necessary for such grants, loans and
157 municipal securities on such terms and conditions as such
158 municipalities shall deem necessary and advisable.

159 (2) In connection with the issuance of municipal securities
160 by municipalities to evidence loans under the provisions of this
161 act, the following provisions shall specifically apply:

162 (a) No notice of intent to issue municipal securities
163 as may otherwise be required by state law shall be required;

164 (b) The governing body of the municipality shall adopt
165 such resolutions as may be necessary to borrow monies under this
166 act, to issue and sell municipal securities to evidence such
167 loans, and to approve and authorize the execution of any
168 agreements related thereto;

169 (c) Such loan and municipal securities shall be secured
170 as provided for in Section 3 of this act;



171 (d) Such loans and municipal securities shall not be
172 deemed general obligations;

173 (e) Such municipal securities shall be sold only to
174 evidence the repayment of a loan under this act and may be sold at
175 such price or prices, in such form, and subject to such terms and
176 conditions of issue, redemption and maturity, rate of interest and
177 time of payment of interest as otherwise provided for a loan under
178 this act;

179 (f) A municipality may pay all expenses, premiums, fees
180 and commissions which it may deem necessary and advantageous in
181 connection with any loan and the issuance and sale of municipal
182 securities under this act;

183 (g) Municipal securities issued under this act may or
184 may not be validated as provided in Section 31-13-1 et seq.; and

185 (h) This section shall be deemed to provide an
186 additional, alternate and complete method for accomplishing the
187 purposes authorized hereby and shall be deemed and construed to be
188 supplemental to any provisions of any other laws and not in
189 derogation of any such provisions. In connection with the
190 issuance of municipal securities under this act, a municipality
191 shall not be required to comply with the provisions of any other
192 law except as provided herein.

193 **SECTION 5. Program funding.** (1) As used in this section,
194 the following words shall have the meanings ascribed herein unless
195 the context clearly requires otherwise:



196 (a) "Accreted value" of any bonds means, as of any date
197 of computation, an amount equal to the sum of (i) the stated
198 initial value of such bond, plus (ii) the interest accrued thereon
199 from the issue date to the date of computation at the rate,
200 compounded semiannually, that is necessary to produce the
201 approximate yield to maturity shown for bonds of the same
202 maturity.

203 (b) "Bond Commission" means the State Bond Commission.

204 (2) (a) The corporation, at one time, or from time to time,
205 may declare by resolution the necessity for issuance of general
206 obligation bonds of the state to provide funds for the program
207 authorized in Section 2 of this act. Upon the adoption of a
208 resolution by the corporation, declaring the necessity for the
209 issuance of any part or all of the general obligation bonds
210 authorized by this subsection, the corporation shall deliver a
211 certified copy of its resolution or resolutions to the bond
212 commission. Upon receipt of such resolution, the bond commission,
213 in its discretion, may act as the issuing agent, prescribe the
214 form of the bonds, determine the appropriate method for sale of
215 the bonds, advertise for and accept bids or negotiate the sale of
216 the bonds, issue and sell the bonds so authorized to be sold, and
217 do any and all other things necessary and advisable in connection
218 with the issuance and sale of such bonds. The total amount of
219 bonds outstanding under this section shall not exceed Five Million



220 Dollars (\$5,000,000.00). No bonds authorized under this section
221 shall be issued after July 1, 2026.

222 (b) The proceeds of bonds issued pursuant to this
223 section shall be deposited into the Property Cleanup Revolving
224 Fund created pursuant to Section 2 of this act. Any investment
225 earnings on bonds issued pursuant to this section shall be used to
226 pay debt service on bonds issued under this section, in accordance
227 with the proceedings authorizing issuance of such bonds.

228 (3) The principal of and interest on the bonds authorized
229 under this section shall be payable in the manner provided in this
230 subsection. Such bonds shall bear such date or dates, be in such
231 denomination or denominations, bear interest at such rate or rates
232 (not to exceed the limits set forth in Section 75-17-101), be
233 payable at such place or places within or without the state, shall
234 mature absolutely at such time or times not to exceed twenty-five
235 (25) years from date of issue, be redeemable before maturity at
236 such time or times and upon such terms, with or without premium,
237 shall bear such registration privileges, and shall be
238 substantially in such form, all as shall be determined by
239 resolution of the bond commission.

240 (4) The bonds authorized by this section shall be signed by
241 the chairman of the bond commission, or by his facsimile
242 signature, and the official seal of the bond commission shall be
243 affixed thereto, attested by the Secretary of the commission. The
244 interest coupons, if any, to be attached to such bonds may be



245 executed by the facsimile signatures of such officers. Whenever
246 any such bonds shall have been signed by the officials designated
247 to sign the bonds who were in office at the time of such signing
248 but who may have ceased to be such officers before the sale and
249 delivery of such bonds, or who may not have been in office on the
250 date such bonds may bear, the signatures of such officers upon
251 such bonds and coupons shall nevertheless be valid and sufficient
252 for all purposes and have the same effect as if the person so
253 officially signing such bonds had remained in office until their
254 delivery to the purchaser, or had been in office on the date such
255 bonds may bear. However, notwithstanding anything herein to the
256 contrary, such bonds may be issued as provided in the Registered
257 Bond Act of the state. All bonds and interest coupons issued
258 under the provisions of this section have all the qualities and
259 incidents of negotiable instruments under the provisions of the
260 Uniform Commercial Code, and in exercising the powers granted by
261 this section, the bond commission shall not be required to and
262 need not comply with the provisions of the Uniform Commercial
263 Code.

264 (5) The bond commission shall act as issuing agent for the
265 bonds authorized under this section, prescribe the form of the
266 bonds, determine the appropriate method for sale of the bonds,
267 advertise for and accept bids or negotiate the sale of the bonds,
268 issue and sell the bonds so authorized to be sold, pay all fees
269 and costs incurred in such issuance and sale, and do any and all



270 other things necessary and advisable in connection with the
271 issuance and sale of such bonds. The commission is authorized and
272 empowered to pay the costs that are incident to the sale, issuance
273 and delivery of the bonds authorized under this section from the
274 proceeds derived from the sale of such bonds. The bond commission
275 may sell such bonds on sealed bids at public sale or may negotiate
276 the sale of the bonds for such price as it may determine to be for
277 the best interest of the state. All interest accruing on such
278 bonds so issued shall be payable semiannually or annually.

279 If such bonds are sold by sealed bids at public sale, notice
280 of the sale shall be published at least one (1) time, not less
281 than ten (10) days before the date of sale and shall be so
282 published in one or more newspapers published or having a general
283 circulation in the City of Jackson, Mississippi, selected by the
284 bond commission.

285 The bond commission, when issuing any bonds under the
286 authority of this section, may provide that bonds, at the option
287 of the state, may be called in for payment and redemption at the
288 call price named therein and accrued interest on such date or
289 dates named therein.

290 (6) The bonds issued under the provisions of this section
291 are general obligations of the state, and for the payment thereof
292 the full faith and credit of the State of Mississippi is
293 irrevocably pledged. If the funds appropriated by the Legislature
294 are insufficient to pay the principal of and the interest on such



295 bonds as they become due, then the deficiency shall be paid by the
296 State Treasurer from any funds in the State Treasury not otherwise
297 appropriated. All such bonds shall contain recitals on their
298 faces substantially covering the provisions of this subsection.

299 (7) Upon the issuance and sale of bonds under the provisions
300 of this section, the bond commission shall transfer the proceeds
301 of any such sale or sales to the Property Cleanup Revolving Fund
302 created in Section 2. The proceeds of such bonds shall be
303 disbursed solely upon the order of the commission under such
304 restrictions, if any, as may be contained in the resolution
305 providing for the issuance of the bonds.

306 (8) The bonds authorized under this section may be issued
307 without any other proceedings or the happening of any other
308 conditions or things other than those proceedings, conditions and
309 things which are specified or required by this section. Any
310 resolution providing for the issuance of bonds under the
311 provisions of this section shall become effective immediately upon
312 its adoption by the bond commission, and any such resolution may
313 be adopted at any regular or special meeting of the bond
314 commission by a majority of its members.

315 (9) The bonds authorized under the authority of this section
316 may be validated in the Chancery Court of the First Judicial
317 District of Hinds County, Mississippi, in the manner and with the
318 force and effect provided by Title 31, Chapter 13, Mississippi
319 Code of 1972, for the validation of county, municipal, school



320 district and other bonds. The notice to taxpayers required by
321 such statutes shall be published in a newspaper published or
322 having a general circulation in the City of Jackson, Mississippi.

323 (10) Any holder of bonds issued under the provisions of this
324 section or of any of the interest coupons pertaining thereto may,
325 either at law or in equity, by suit, action, mandamus or other
326 proceeding, protect and enforce any and all rights granted under
327 this section, or under such resolution, and may enforce and compel
328 performance of all duties required by this section to be
329 performed, in order to provide for the payment of bonds and
330 interest thereon.

331 (11) All bonds issued under the provisions of this section
332 shall be legal investments for trustees and other fiduciaries, and
333 for savings banks, trust companies and insurance companies
334 organized under the laws of the state, and such bonds shall be
335 legal securities which may be deposited with and shall be received
336 by all public officers and bodies of this state and all
337 municipalities and political subdivisions for the purpose of
338 securing the deposit of public funds.

339 (12) Bonds issued under the provisions of this section and
340 income therefrom shall be exempt from all taxation in the state.

341 (13) The proceeds of the bonds issued under this section
342 shall be used solely for the purposes therein provided, including
343 the costs incident to the issuance and sale of such bonds.



344 (14) The State Treasurer is authorized, without further
345 process of law, to certify to the Department of Finance and
346 Administration the necessity for warrants, and the Department of
347 Finance and Administration is authorized and directed to issue
348 such warrants, in such amounts as may be necessary to pay when due
349 the principal of, premium, if any, and interest on, or the
350 accreted value of, all bonds issued under this section; and the
351 State Treasurer shall forward the necessary amount to the
352 designated place or places of payment of such bonds in ample time
353 to discharge such bonds, or the interest thereon, on the due dates
354 thereof.

355 (15) This section shall be deemed to be full and complete
356 authority for the exercise of the powers therein granted, but this
357 section shall not be deemed to repeal or to be in derogation of
358 any existing law of this state.

359 **SECTION 6.** This act shall take effect and be in force from
360 and after July 1, 2024.

