

By: Representative McGee

To: Education

## HOUSE BILL NO. 246

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



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

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

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

(6) The board of education of a school district located in a municipality where Interstate 59 and U.S. Highway 49 intersect in the Broadway - West Pine redevelopment area may grant the holder of a valid lease with a term of ninety-nine (99) years, which has completely satisfied the financial obligation of the original lease agreement, being free and clear of any debt pertaining thereto, and which has less than thirty (30) years remaining on its original term, the right to extend said lease for a period not to exceed twenty-five (25) years under any additional agreed upon 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, 2025.

