

By: Senator(s) McMahan

To: Municipalities; Finance

SENATE BILL NO. 2023

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 A
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.



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

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

(f) "Revolving fund" means the Property Cleanup Revolving Fund created under Section 2 of this act.

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

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

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



commence after July 1, 2025, to assist municipalities in projects to clean up property as authorized by Section 21-19-11 or a court. The corporation shall promulgate such guidelines, rules, forms, and regulations as may be necessary to carry out the provisions of this act. Grants and loans, or an aggregate thereof, from the revolving fund may be made to municipalities as set forth in an agreement in amounts not exceeding one hundred percent (100%) of the estimated costs of a project allowed by Section 21-19-11 or a court and as otherwise allowed by this act. The corporation shall establish a maximum amount for any grant or loan in order to provide for broad and equitable participation in the program.

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

(a) To make loans on the condition that:

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

(ii) The principal and interest payments may, in the discretion of the corporation, commence not later than one (1) year after the date of the loan; and

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

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



undertaken in compliance with applicable federal and state regulations;

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

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

(e) To earn interest on fund accounts;

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

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

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

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

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

(iv) A municipality shall reimburse the corporation from any funds received from the sale of the project for which a grant was awarded, and such funds shall be deposited 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 (1) 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



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

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



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

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

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

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

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

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



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

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

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

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

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

SECTION 5. Program funding. (1) As used in this section, the following words shall have the meanings ascribed herein unless 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



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

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

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

(4) The bonds authorized by this section shall be signed by the chairman of the Bond Commission, or by his facsimile signature, and the official seal of the Bond Commission shall be affixed thereto, attested by the secretary of the commission. The interest coupons, if any, to be attached to such bonds may be



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

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



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

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

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

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



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

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

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

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



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

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

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

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

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



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

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

SECTION 6. This act shall take effect and be in force from and after July 1, 2025.

