

By: Senator(s) Harkins

To: Finance

SENATE BILL NO. 2856

1 AN ACT TO AMEND SECTION 57-1-301, MISSISSIPPI CODE OF 1972,
2 TO REVISE THE DEFINITION OF "CAPITAL IMPROVEMENTS" FOR PURPOSES OF
3 THE LOCAL GOVERNMENTS CAPITAL IMPROVEMENTS REVOLVING LOAN PROGRAM
4 TO INCLUDE ANY PROJECT DETERMINED TO BE A CAPITAL IMPROVEMENT BY
5 THE MISSISSIPPI DEVELOPMENT AUTHORITY (MDA); TO AMEND SECTION
6 57-1-303, MISSISSIPPI CODE OF 1972, TO CONFORM; TO EXTEND THE
7 REPEALER ON THE AUTHORITY OF MDA TO USE CERTAIN MONIES IN THE
8 LOCAL GOVERNMENTS CAPITAL IMPROVEMENTS REVOLVING LOAN FUND FOR THE
9 ORDINARY AND NECESSARY GENERAL SUPPORT OF MDA; AND FOR RELATED
10 PURPOSES.

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

12 **SECTION 1.** Section 57-1-301, Mississippi Code of 1972, is
13 amended as follows:

14 57-1-301. (1) There is established a local governments
15 capital improvements revolving loan program to be administered by
16 the Mississippi Development Authority for the purpose of assisting
17 counties and municipalities in making capital improvements.

18 (2) For purposes of Sections 57-1-301 through 57-1-335,
19 "capital improvements" include any combination of the following:

20 (a) Construction or repair of water and sewer
21 facilities;



22 (b) Construction or repair of drainage systems for
23 industrial development;
24 (c) Improvements in fire protection;
25 (d) Construction of new buildings for economic
26 development purposes;
27 (e) Renovation or repair of existing buildings for
28 economic development purposes;
29 (f) Construction or repair of access roads for
30 industrial development;
31 (g) Purchase of buildings for economic development
32 purposes;
33 (h) Construction or repair of railroad spurs for
34 industrial development;
35 (i) Construction of any county or municipally owned
36 health care facilities, excluding any county health departments;
37 (j) Construction, purchase, renovation or repair of any
38 building to be utilized as an auditorium or convention center;
39 (k) Construction of multipurpose facilities for tourism
40 development;
41 (l) * * * [Deleted];
42 (m) Construction, repair and renovation of parks,
43 swimming pools and recreational and athletic facilities;
44 (n) Remediation of brownfield agreement sites in
45 accordance with Sections 49-35-1 through 49-35-25; * * *



(o) Repair, renovation and improvement of municipal natural gas facilities * * *; or

(p) Any project determined to be a capital improvement by the department.

SECTION 2. Section 57-1-303, Mississippi Code of 1972, is amended as follows:

57-1-303. (1) (a) (i) There is created a special fund in the State Treasury to be designated as the "Local Governments Capital Improvements Revolving Loan Fund," which fund shall consist of such monies as provided in Sections 57-1-307 through 57-1-335. The fund shall be maintained in perpetuity for the purposes established in Sections 57-1-301 through 57-1-335. Unexpended amounts remaining in the fund at the end of a fiscal year shall not lapse into the State General Fund, and any interest earned on amounts in the fund shall be deposited to the credit of the fund. Monies in the fund may not be used or expended for any purpose except as authorized under Sections 57-1-301 through 57-1-335.

(ii) Monies in the Local Governments Capital Improvements Revolving Loan Fund which are derived from interest on loan payments received by the Mississippi Development Authority after January 1, 2002, for loans funded with proceeds of bonds whose interest is not exempt from income taxation under the provisions of the Internal Revenue Code may be used by the Mississippi Development Authority for the ordinary and necessary



71 general support of the Mississippi Development Authority.
72 However, such monies may not be used for the purpose of providing
73 salary increases for Mississippi Development Authority employees.
74 The Mississippi Development Authority may escalate its budget and
75 expend such monies in accordance with rules and regulations of the
76 Department of Finance and Administration in a manner consistent
77 with the escalation of federal funds. This subparagraph (ii)
78 shall be repealed from and after July 1, * * * 2029.

79 (b) The Local Governments Capital Improvements
80 Revolving Loan Fund shall be divided into the Taxable Local
81 Governments Capital Improvements Revolving Loan Subaccount and the
82 Nontaxable Local Governments Capital Improvements Revolving Loan
83 Subaccount. Funds allocated to the Nontaxable Local Governments
84 Capital Improvements Revolving Loan Subaccount shall be utilized
85 to provide loans for capital improvements that would qualify for
86 the issuance of bonds whose interest is exempt from income
87 taxation under the provisions of the Internal Revenue Code. Funds
88 allocated to the Taxable Local Governments Capital Improvements
89 Revolving Loan Subaccount shall be utilized to provide loans for
90 any eligible capital improvements, including, but not limited to,
91 capital improvements that would qualify for the issuance of bonds
92 whose interest is exempt from income taxation under the provisions
93 of the Internal Revenue Code.

94 (c) Of the funds deposited into the Local Governments
95 Capital Improvements Revolving Loan Fund, not less than



96 Twenty-five Million Dollars (\$25,000,000.00) shall be allocated to
97 the Nontaxable Local Governments Capital Improvements Revolving
98 Loan Subaccount, and the remainder of such funds shall be
99 allocated to the Taxable Local Governments Capital Improvements
100 Revolving Loan Subaccount.

101 (2) A county or an incorporated municipality may apply to
102 the Mississippi Development Authority for a loan under the local
103 governments capital improvements revolving loan program
104 established under Sections 57-1-301 through 57-1-335.

105 (3) (a) The Mississippi Development Authority shall
106 establish a loan program by which loans, at the rate of interest
107 provided for in paragraph (b) of this subsection, may be made
108 available to counties and incorporated municipalities to assist
109 counties and incorporated municipalities in making capital
110 improvements. Loans from the revolving fund may be made to
111 counties and municipalities as set forth in a loan agreement in
112 amounts not to exceed one hundred percent (100%) of eligible
113 project costs as established by the Mississippi Development
114 Authority. The Mississippi Development Authority may require
115 county or municipal participation or funding from other sources,
116 or otherwise limit the percentage of costs covered by loans from
117 the revolving fund. The Mississippi Development Authority may
118 establish a maximum amount for any loan in order to provide for
119 broad and equitable participation in the program and loans for
120 projects described in Section 57-1-301(* * *2)(m) shall not



exceed Two Hundred Fifty Thousand Dollars (\$250,000.00) per project.

(b) (i) Except as otherwise provided in this paragraph (b), the rate of interest on loans made from the Local Governments Capital Improvements Revolving Loan Fund for capital improvements that would qualify for the issuance of bonds whose interest is exempt from income taxation under the provisions of the Internal Revenue Code shall be at the rate of three percent (3%) per annum, calculated according to the actuarial method. The rate of interest on loans for all other capital improvements shall be at the true interest cost on the most recent issue of twenty-year state general obligation bonds occurring prior to the date such loan is made.

(ii) The rate of interest on loans made after April 9, 2002, from the Local Governments Capital Improvements Revolving Loan Fund for capital improvements that would qualify for the issuance of bonds whose interest is exempt from income taxation under the provisions of the Internal Revenue Code shall be at the rate of the lesser of two percent (2%) per annum, calculated according to the actuarial method, or the true interest cost on the most recent issue of state general obligation bonds occurring prior to the date such loan is made. The rate of interest on loans made after April 9, 2002, for all other capital improvements shall be at the rate of three percent (3%) per annum, calculated according to the actuarial method.



(iii) Notwithstanding the provisions of this paragraph to the contrary, loans made through June 30, 2025, for the purposes of the capital project described in Section 57-1-301(2)(1) shall bear no interest.

(4) A county that receives a loan from the revolving fund shall pledge for repayment of the loan any part of the homestead exemption annual tax loss reimbursement to which it may be entitled under Section 27-33-77. An incorporated municipality that receives a loan from the revolving fund shall pledge for repayment of the loan any part of the sales tax revenue distribution to which it may be entitled under Section 27-65-75. Each 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 within not more than twenty (20) years from the date of project completion.

(5) The State Auditor, upon request of the Mississippi Development Authority, shall audit the receipts and expenditures of a county or an incorporated municipality whose loan payments appear to be in arrears, and if he finds that the county or municipality is in arrears in such payments, he shall immediately notify the Executive Director of the Department of Finance and Administration who shall withhold all future payments to the



171 county of homestead exemption reimbursements under Section
172 27-33-77 and all sums allocated to the county or the municipality
173 under Section 27-65-75 until such time as the county or the
174 municipality is again current in its loan payments as certified by
175 the Mississippi Development Authority.

176 (6) Evidences of indebtedness which are issued pursuant to
177 this chapter shall not be deemed indebtedness within the meaning
178 specified in Section 21-33-303 with regard to cities or
179 incorporated towns, and in Section 19-9-5 with regard to counties.

180 (7) There is created a special fund in the State Treasury to
181 be designated as the "Local Governments Brownfields Redevelopment
182 Grant Fund." The fund shall consist of those monies as provided
183 in Section 57-1-307. Unexpended amounts remaining in the fund at
184 the end of the fiscal year shall not lapse into the State General
185 Fund, and any interest earned on amounts in the fund shall be
186 deposited to the credit of the fund. Monies in the fund may not
187 be used or expended for any purpose except as authorized in this
188 section. From and after July 1, 2009, the Local Governments
189 Brownfields Redevelopment Grant Fund is abolished and all money in
190 the fund shall be transferred to the Local Governments Capital
191 Improvements Revolving Loan Fund.

192 (8) The Mississippi Development Authority may, on a
193 case-by-case basis, renegotiate the payment of principal and
194 interest on loans made under Sections 57-1-301 through 57-1-335 to
195 the six (6) most southern counties of the state covered by the



196 Presidential Declaration of Major Disaster for the State of
197 Mississippi (FEMA-1604-DR) dated August 29, 2005, and to political
198 subdivisions located in such counties; however, the interest on
199 the loans shall not be forgiven for a period of more than
200 twenty-four (24) months and the maturity of the loans shall not be
201 extended for a period of more than forty-eight (48) months.

202 **SECTION 3.** This act shall take effect and be in force from
203 and after July 1, 2025.

