

By: Burton

To: Finance

## SENATE BILL NO. 3213

1 AN ACT TO ESTABLISH A RURAL HOSPITAL CAPITAL IMPROVEMENTS  
2 REVOLVING LOAN PROGRAM FOR THE PURPOSE OF ASSISTING RURAL  
3 HOSPITALS IN CONSTRUCTING NEW FACILITIES AND RENOVATING AND  
4 EQUIPPING NEW FACILITIES; TO CREATE A SPECIAL FUND IN THE STATE  
5 TREASURY, DESIGNATED AS THE "RURAL HOSPITAL CAPITAL IMPROVEMENTS  
6 REVOLVING LOAN FUND"; TO PRESCRIBE THE MANNER IN WHICH FUNDS MAY  
7 BE LOANED UNDER THIS ACT TO RURAL HOSPITALS; TO PRESCRIBE THE  
8 POWERS AND DUTIES OF THE DEPARTMENT OF ECONOMIC AND COMMUNITY  
9 DEVELOPMENT UNDER THE PROVISIONS OF THIS ACT; TO PROVIDE FOR THE  
10 ISSUANCE OF NOT MORE THAN \$75,000,000.00 TO FUND THE RURAL  
11 HOSPITAL CAPITAL IMPROVEMENTS REVOLVING LOAN FUND; AND FOR RELATED  
12 PURPOSES.

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

14 SECTION 1. [WAN1](1) There is established a Rural Hospital  
15 Capital Improvements Revolving Loan Program to be administered by  
16 the Department of Economic and Community Development for the  
17 purpose of providing loans for the construction and equipping of  
18 rural hospital facilities and for the renovation and equipping of  
19 existing rural hospital facilities.

20 (2) As used in this act "rural hospital" means any hospital  
21 located outside of a standard statistical metropolitan area that  
22 is owned and operated separately or jointly by one or more  
23 counties, cities, towns, supervisors districts or election  
24 districts or combinations thereof, including hospitals established  
25 under the authority of Sections 41-13-1 through 41-13-9, as now or  
26 hereafter amended.

27 SECTION 2.[WAN2] (1) There is created a special fund in the  
28 State Treasury to be designated as the "Rural Hospital Capital  
29 Improvements Revolving Loan Fund," which fund shall consist of  
30 such monies as provided in this act. The fund shall be maintained  
31 in perpetuity for the purposes established in this act.

32 Unexpended amounts remaining in the fund at the end of a fiscal  
33 year shall not lapse into the State General Fund, and any interest  
34 earned on amounts in the fund shall be deposited to the credit of  
35 the fund. Monies in the fund may not be used or expended for any  
36 purpose except as authorized under this act.

37 (2) The governing body of a rural hospital may apply to the  
38 Department of Economic and Community Development for a loan under  
39 the rural hospital capital improvements revolving loan program  
40 established under this act.

41 (3) The Department of Economic and Community Development  
42 shall establish a loan program by which loans, at a rate of  
43 interest equal to the true interest cost on the most recent issue  
44 of twenty-year state general obligation bonds occurring prior to  
45 the date such loan is made, may be made available to rural  
46 hospitals in making capital improvements authorized under this  
47 act. Loans from the revolving fund may be made to rural hospitals  
48 as set forth in a loan agreement in amounts not to exceed one  
49 hundred percent (100%) of eligible project costs as established by  
50 the Department of Economic and Community Development. The  
51 Department of Economic and Community Development may require  
52 funding from other sources, or otherwise limit the percentage of  
53 costs covered by loans from the revolving fund. The maximum  
54 amount for any loan may be set by the Department of Economic and  
55 Community Development in order to provide for broad and equitable  
56 participation in the program; provided, however, that a loan for  
57 the construction and equipping of a new rural hospital facility  
58 shall not exceed Fifteen Million Dollars (\$15,000,000.00), and a  
59 loan for renovation or equipping existing rural hospital  
60 facilities shall not exceed Three Million Dollars (\$3,000,000.00).

61 (4) In any calendar year, the Department of Economic and  
62 Community Development shall not provide more than three (3) loans  
63 for the construction and equipping of new rural hospital  
64 facilities and shall not provide more than ten (10) loans for  
65 renovating or equipping rural hospital facilities.

66 (5) The Department of Economic and Community Development  
67 shall require such security for each loan as it considers  
68 necessary. Each loan agreement shall provide for (i) monthly

69 payments, (ii) semiannual payments, or (iii) other periodic  
70 payments, the annual total of which shall not exceed the annual  
71 total for any other year of the loan by more than fifteen percent  
72 (15%). The loan agreement shall provide for the repayment of all  
73 funds received within not more than twenty (20) years from the  
74 date of project completion.

75 (6) The State Auditor, upon request of the Department of  
76 Economic and Community Development, shall audit a rural hospital  
77 whose loan payments appear to be in arrears, and if he finds that  
78 the rural hospital is in arrears in such payments, he shall  
79 immediately notify the Executive Director of the Department of  
80 Economic and Community Development.

81 SECTION 3. In administering the provisions of Sections this  
82 act, the Department of Economic and Community Development shall  
83 have the following powers and duties:

84 (a) To supervise the use of all funds made available  
85 under this act for rural hospital capital improvements;

86 (b) To review and certify all projects for which funds  
87 are authorized to be made available under this act for rural  
88 hospital capital improvements;

89 (c) To requisition monies in the Rural Hospital Capital  
90 Improvements Revolving Loan Fund and distribute those monies on a  
91 project-by-project basis in accordance with the provisions of this  
92 act;

93 (d) To maintain an accurate record of all rural  
94 hospital capital improvements funds made available to rural  
95 hospitals and the costs for each project.

96 (e) To adopt and promulgate such rules and regulations  
97 as may be necessary or desirable for the purpose of implementing  
98 the provisions of this act; and

99 (f) To file annually with the Legislature a report  
100 detailing how monies in the Rural Hospital Capital Improvements  
101 Revolving Loan Fund were spent during the preceding fiscal year,

102 the number of projects approved and constructed, and the cost of  
103 each project.

104       SECTION 4. [WAN3](1) The State Bond Commission, at one  
105 time, or from time to time, may declare by resolution the  
106 necessity for issuance of general obligation bonds of the State of  
107 Mississippi to provide funds for all costs incurred or to be  
108 incurred for the purposes described in Section 2 of this act.  
109 Upon the adoption of a resolution by the Department of Economic  
110 and Community Development, declaring the necessity for the  
111 issuance of any part or all of the general obligation bonds  
112 authorized by this section, the Department of Economic and  
113 Community Development shall deliver a certified copy of its  
114 resolution or resolutions to the State Bond Commission. Upon  
115 receipt of such resolution, the State Bond Commission, in its  
116 discretion, may act as the issuing agent, prescribe the form of  
117 the bonds, advertise for and accept bids, issue and sell the bonds  
118 so authorized to be sold and do any and all other things necessary  
119 and advisable in connection with the issuance and sale of such  
120 bonds. The total amount of bonds issued under this act shall not  
121 exceed Seventy-five Million Dollars (\$75,000,000.00).

122       (2) Proceeds from the sale of bonds shall be deposited in  
123 the special fund created in Section 2 of this act. Any investment  
124 earnings on amounts deposited into the special fund created in  
125 Section 2 of this act shall be used to pay debt service on bonds  
126 issued under this act, in accordance with the proceedings  
127 authorizing issuance of such bonds.

128       SECTION 5. The principal of and interest on the bonds  
129 authorized under this act shall be payable in the manner provided  
130 in this section. Such bonds shall bear such date or dates, be in  
131 such denomination or denominations, bear interest at such rate or  
132 rates (not to exceed the limits set forth in Section 75-17-101,  
133 Mississippi Code of 1972), be payable at such place or places  
134 within or without the State of Mississippi, shall mature

135 absolutely at such time or times not to exceed twenty-five (25)  
136 years from date of issue, be redeemable before maturity at such  
137 time or times and upon such terms, with or without premium, shall  
138 bear such registration privileges, and shall be substantially in  
139 such form, all as shall be determined by resolution of the  
140 commission.

141 SECTION 6. The bonds authorized by this act shall be signed  
142 by the chairman of the commission, or by his facsimile signature,  
143 and the official seal of the commission shall be affixed thereto,  
144 attested by the secretary of the commission. The interest  
145 coupons, if any, to be attached to such bonds may be executed by  
146 the facsimile signatures of such officers. Whenever any such  
147 bonds shall have been signed by the officials designated to sign  
148 the bonds who were in office at the time of such signing but who  
149 may have ceased to be such officers before the sale and delivery  
150 of such bonds, or who may not have been in office on the date such  
151 bonds may bear, the signatures of such officers upon such bonds  
152 and coupons shall nevertheless be valid and sufficient for all  
153 purposes and have the same effect as if the person so officially  
154 signing such bonds had remained in office until their delivery to  
155 the purchaser, or had been in office on the date such bonds may  
156 bear. However, notwithstanding anything herein to the contrary,  
157 such bonds may be issued as provided in the Registered Bond Act of  
158 the State of Mississippi.

159 SECTION 7. All bonds and interest coupons issued under the  
160 provisions of this act have all the qualities and incidents of  
161 negotiable instruments under the provisions of the Uniform  
162 Commercial Code, and in exercising the powers granted by this act,  
163 the commission shall not be required to and need not comply with  
164 the provisions of the Uniform Commercial Code.

165 SECTION 8. The commission shall act as the issuing agent for  
166 the bonds authorized under this act, prescribe the form of the  
167 bonds, advertise for and accept bids, issue and sell the bonds so

168 authorized to be sold, pay all fees and costs incurred in such  
169 issuance and sale, and do any and all other things necessary and  
170 advisable in connection with the issuance and sale of such bonds.

171 The commission is authorized and empowered to pay the costs that  
172 are incident to the sale, issuance and delivery of the bonds  
173 authorized under this act from the proceeds derived from the sale  
174 of such bonds. The commission shall sell such bonds on sealed  
175 bids at public sale, and for such price as it may determine to be  
176 for the best interest of the State of Mississippi, but no such  
177 sale shall be made at a price less than par plus accrued interest  
178 to the date of delivery of the bonds to the purchaser. All  
179 interest accruing on such bonds so issued shall be payable  
180 semiannually or annually; however, the first interest payment may  
181 be for any period of not more than one (1) year.

182 Notice of the sale of any such bond shall be published at  
183 least one (1) time, not less than ten (10) days before the date of  
184 sale, and shall be so published in one or more newspapers  
185 published or having a general circulation in the City of Jackson,  
186 Mississippi, and in one or more other newspapers or financial  
187 journals with a national circulation, to be selected by the  
188 commission.

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

193 SECTION 9. The bonds issued under the provisions of this act  
194 are general obligations of the State of Mississippi, and for the  
195 payment thereof the full faith and credit of the State of  
196 Mississippi is irrevocably pledged. If the funds appropriated by  
197 the Legislature are insufficient to pay the principal of and the  
198 interest on such bonds as they become due, then the deficiency  
199 shall be paid by the State Treasurer from any funds in the State  
200 Treasury not otherwise appropriated. All such bonds shall contain

201 recitals on their faces substantially covering the provisions of  
202 this section.

203       SECTION 10. Upon the issuance and sale of bonds under the  
204 provisions of this act, the commission shall transfer the proceeds  
205 of any such sale or sales to the special fund created in Section 2  
206 of this act. The proceeds of such bonds shall be disbursed solely  
207 upon the order of the Department of Economic and Community  
208 Development under such restrictions, if any, as may be contained  
209 in the resolution providing for the issuance of the bonds.

210       SECTION 11. The bonds authorized under this act may be  
211 issued without any other proceedings or the happening of any other  
212 conditions or things other than those proceedings, conditions and  
213 things which are specified or required by this act. Any  
214 resolution providing for the issuance of bonds under the  
215 provisions of this act shall become effective immediately upon its  
216 adoption by the commission, and any such resolution may be adopted  
217 at any regular or special meeting of the commission by a majority  
218 of its members.

219       SECTION 12. The bonds authorized under the authority of this  
220 act may be validated in the Chancery Court of the First Judicial  
221 District of Hinds County, Mississippi, in the manner and with the  
222 force and effect provided by Chapter 13, Title 31, Mississippi  
223 Code of 1972, for the validation of county, municipal, school  
224 district and other bonds. The notice to taxpayers required by  
225 such statutes shall be published in a newspaper published or  
226 having a general circulation in the City of Jackson, Mississippi.

227       SECTION 13. Any holder of bonds issued under the provisions  
228 of this act or of any of the interest coupons pertaining thereto  
229 may, either at law or in equity, by suit, action, mandamus or  
230 other proceeding, protect and enforce any and all rights granted  
231 under this act, or under such resolution, and may enforce and  
232 compel performance of all duties required by this act to be  
233 performed, in order to provide for the payment of bonds and

234 interest thereon.

235       SECTION 14. All bonds issued under the provisions of this  
236 act shall be legal investments for trustees and other fiduciaries,  
237 and for savings banks, trust companies and insurance companies  
238 organized under the laws of the State of Mississippi, and such  
239 bonds shall be legal securities which may be deposited with and  
240 shall be received by all public officers and bodies of this state  
241 and all municipalities and political subdivisions for the purpose  
242 of securing the deposit of public funds.

243       SECTION 15. Bonds issued under the provisions of this act  
244 and income therefrom shall be exempt from all taxation in the  
245 State of Mississippi.

246       SECTION 16. The proceeds of the bonds issued under this act  
247 shall be used solely for the purposes therein provided, including  
248 the costs incident to the issuance and sale of such bonds.

249       SECTION 17. The State Treasurer is authorized, without  
250 further process of law, to certify to the Department of Finance  
251 and Administration the necessity for warrants, and the Department  
252 of Finance and Administration is authorized and directed to issue  
253 such warrants, in such amounts as may be necessary to pay when due  
254 the principal of, premium, if any, and interest on, or the  
255 accreted value of, all bonds issued under this act; and the State  
256 Treasurer shall forward the necessary amount to the designated  
257 place or places of payment of such bonds in ample time to  
258 discharge such bonds, or the interest thereon, on the due dates  
259 thereof.

260       SECTION 18. This act shall be deemed to be full and complete  
261 authority for the exercise of the powers therein granted, but this  
262 act shall not be deemed to repeal or to be in derogation of any  
263 existing law of this state.

264       SECTION 19. This act shall take effect and be in force from  
265 and after July 1, 2000.