

By: Representative Ford

To: Appropriations

HOUSE BILL NO. 1471

1 AN ACT TO AMEND SECTION 27-103-203, MISSISSIPPI CODE OF 1972,
2 TO LIMIT THE USE OF THE WORKING CASH-STABILIZATION RESERVE FUND TO
3 COVER REVENUE SHORTFALLS OCCURRING IN THE CURRENT FISCAL YEAR
4 ONLY; TO BRING FORWARD SECTION 37-101-27, MISSISSIPPI CODE OF
5 1972, WHICH CREATES THE AYERS ENDOWMENT TRUST WITHIN THE WORKING
6 CASH-STABILIZATION RESERVE FUND; AND FOR RELATED PURPOSES.

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

8 SECTION 1. Section 27-103-203, Mississippi Code of 1972, is
9 amended as follows:

10 27-103-203. (1) There is created in the State Treasury a
11 special fund, separate and apart from any other fund, to be
12 designated the Working Cash-Stabilization Reserve Fund, into which
13 shall be deposited one hundred percent (100%) of the unencumbered
14 General Fund cash balance at the close of each fiscal year until
15 such time as the balance in the fund reaches Forty Million Dollars
16 (\$40,000,000.00). After the balance in the fund reaches Forty
17 Million Dollars (\$40,000,000.00), fifty percent (50%) of the
18 unencumbered General Fund cash balance at the close of each fiscal
19 year, not to exceed seven and one-half percent (7-1/2%) of the
20 General Fund appropriations for such fiscal year, shall be
21 deposited into the fund. The remainder of the year-end
22 unencumbered cash after transfer to the Working Cash-Stabilization
23 Reserve Fund shall remain in the General Fund; * * *
24 however, * * * in the event that the balance of the Working
25 Cash-Stabilization Reserve Fund reaches seven and one-half percent
26 (7-1/2%) of the General Fund appropriations for the fiscal year,
27 fifty percent (50%) of the unencumbered cash balance shall be
28 transferred into the Education Enhancement Fund. Unencumbered

29 cash in the General Fund may be used for new year cash flow needs
30 and may also be used for deficit appropriations or regular
31 appropriations.

32 (2) The Working Cash-Stabilization Reserve Fund shall not be
33 considered as a surplus or available funds when adopting a
34 balanced budget as required by law. The State Treasurer shall
35 invest all sums in the Working Cash-Stabilization Reserve Fund not
36 needed for the purposes provided for in this section in
37 certificates of deposit, repurchase agreements and other
38 securities as authorized in Sections 27-105-33(d) or 7-9-103, as
39 the State Treasurer may determine to yield the highest market rate
40 available. The interest earned on such sums shall be deposited in
41 the fund until the balance of principal and interest therein
42 reaches seven and one-half percent (7-1/2%) of the total General
43 Fund appropriations for the current fiscal year, and all interest
44 earned in excess of amounts necessary to maintain the seven and
45 one-half percent (7-1/2%) fund balance requirement shall be
46 deposited by the State Treasurer into the State General Fund.

47 (3) The Working Cash-Stabilization Reserve Fund, except for
48 Nineteen Million Dollars (\$19,000,000.00) and the amount of the
49 interest and income earned on the principal of the Ayers Endowment
50 Trust created by Section 37-101-27, shall be used by the State
51 Treasurer for cash flow needs throughout the year when the
52 Executive Director of the Department of Finance and Administration
53 certifies that in his opinion there will be cash flow deficiencies
54 in the State General Fund. No borrowing of monies from other
55 special funds for such purposes as authorized by Section 31-17-101
56 et seq. shall be made as long as an unencumbered balance in excess
57 of Nineteen Million Dollars (\$19,000,000.00) and the interest and
58 income earned on the principal of the Ayers Endowment Trust
59 created by Section 37-101-27 remains in the fund. The State
60 Treasurer shall reimburse the fund for all sums borrowed for such
61 purposes from General Fund revenues collected during the fiscal

62 year in which such funds are used. The State Treasurer shall
63 immediately notify the Legislative Budget Office and the State
64 Department of Finance and Administration of each transfer into and
65 out of such fund. Four Million Dollars (\$4,000,000.00) in the
66 Working Cash-Stabilization Reserve Fund shall remain available for
67 use pursuant to Section 27-103-81. Fifteen Million Dollars
68 (\$15,000,000.00) in the Working Cash-Stabilization Reserve Fund
69 shall remain available for exclusive use of the Ayers Endowment
70 Trust created by Section 37-101-27.

71 (4) The Working Cash-Stabilization Reserve Fund, except for
72 Forty Million Dollars (\$40,000,000.00), shall also be used for the
73 purpose of covering any projected deficits that may occur in the
74 General Fund at the end of a fiscal year as a result of revenue
75 shortfalls occurring during the current fiscal year. In the event
76 the Governor determines that a deficit in revenues from all
77 sources may occur, it shall be the duty of the Executive Director
78 of the Department of Finance and Administration to transfer such
79 funds as necessary to the General Fund to alleviate the deficit in
80 accordance with Sections 27-104-13 and 31-17-123; however, not
81 more than Fifty Million Dollars (\$50,000,000.00) may be
82 transferred from the fund for such purpose in any one (1) fiscal
83 year. In the event it becomes necessary to apply a part of the
84 fund to this purpose, the amount so applied shall be restored to
85 the Working Cash-Stabilization Reserve Fund out of future annual
86 surpluses, as provided in subsection (1) of this section, until
87 the seven and one-half percent (7-1/2%) maximum is again attained.

88 (5) The Working Cash-Stabilization Reserve Fund also shall
89 be used to provide funds for the Disaster Assistance Trust Fund
90 when such funds are immediately needed to provide for disaster
91 assistance under Sections 33-15-301 through 33-15-317. Any
92 transfer of funds from the Working Cash-Stabilization Reserve Fund
93 to the Disaster Assistance Trust Fund shall be made in accordance
94 with the provisions of subsection (5) of Section 33-15-307.

95 (6) The Department of Finance and Administration shall
96 immediately send notice of any transfers made, or other action
97 taken under authority of this section, to the Legislative Budget
98 Office.

99 (7) Funds deposited in the Working Cash-Stabilization
100 Reserve Fund shall be used only for the purposes specified in this
101 section, and as long as the provisions of this section remain in
102 effect, no other expenditure, appropriation or transfer of funds
103 in the Working Cash-Stabilization Reserve Fund shall be made
104 except by act of the Legislature, for revenue shortfalls occurring
105 during the current fiscal year, making specific reference to the
106 Working Cash-Stabilization Reserve Fund as the source of such
107 funds.

108 SECTION 2. Section 37-101-27, Mississippi Code of 1972, is
109 brought forward as follows:

110 37-101-27. (1) There is created within the Working
111 Cash-Stabilization Reserve Fund in the State Treasury a trust to
112 be known as the Ayers Endowment Trust, which shall be used as
113 provided in this section. On July 1, 1997, Fifteen Million
114 Dollars (\$15,000,000.00) in the Working Cash-Stabilization Reserve
115 Fund shall be set aside and placed in the Ayers Endowment Trust.

116 (2) The principal of the Ayers Endowment Trust shall remain
117 inviolate within the Working Cash-Stabilization Reserve Fund, and
118 shall be invested in the same manner as the remainder of the
119 Working Cash-Stabilization Reserve Fund.

120 (3) The interest and income earned from the investment of
121 the principal of the Ayers Endowment Trust shall be appropriated
122 by the Legislature to the Board of Trustees of State Institutions
123 of Higher Learning for the benefit of Jackson State University,
124 Alcorn State University and Mississippi Valley State University,
125 the historically black institutions of higher learning in
126 Mississippi, with one-third (1/3) of the amount of the interest
127 and income earned being allocated for the benefit of each of those

128 universities. The money allotted for each university shall be
129 used for continuing educational enhancement and racial diversity,
130 including recruitment of white students and scholarships for white
131 applicants.

132 (4) The creation of the Ayers Endowment Trust and the
133 appropriation of the interest and income for the purposes
134 specified in this section shall be to comply with the order of the
135 United States District Court in the case of Ayers v. Fordice, 879
136 F.Supp. 1419 (N.D. Miss. 1995), with regard to Jackson State
137 University and Alcorn State University, and to provide Mississippi
138 Valley State University with an equal amount of funding for the
139 same purposes as for the other historically black institutions of
140 higher learning.

141 SECTION 3. This act shall take effect and be in force from
142 and after its passage.