

By: Representative Fleming

To: Appropriations

HOUSE BILL NO. 30

1 AN ACT TO CREATE A SPECIAL FUND IN THE STATE TREASURY TO BE  
 2 KNOWN AS THE LEGISLATIVE BUDGET SUPPLEMENTAL FUND, TO PROVIDE  
 3 SUPPLEMENTAL FUNDS THAT MAY BE APPROPRIATED BY THE LEGISLATURE FOR  
 4 ANY LAWFUL PURPOSE DURING THE UPCOMING FISCAL YEAR; TO PROVIDE  
 5 THAT ANY MONIES IN THE FUND THAT ARE NOT EXPENDED BY THE END OF  
 6 THE FISCAL YEAR FOLLOWING THE FISCAL YEAR IN WHICH THEY WERE  
 7 DEPOSITED INTO THE FUND SHALL BE TRANSFERRED INTO THE WORKING  
 8 CASH-STABILIZATION RESERVE FUND; TO PROVIDE THAT AFTER THE END OF  
 9 EACH FISCAL YEAR, THE STATE TREASURER SHALL DETERMINE THE AMOUNT  
 10 IN CERTAIN SPECIAL FUNDS AND THE AMOUNT OF INTEREST EARNED ON  
 11 THOSE SPECIAL FUNDS, AND SHALL REPORT THOSE AMOUNTS TO THE  
 12 LEGISLATURE; TO AUTHORIZE THE TREASURER TO TRANSFER INTO THE  
 13 LEGISLATIVE BUDGET SUPPLEMENTAL FUND MONIES FROM THOSE SPECIAL  
 14 FUNDS THAT ARE NOT OBLIGATED FOR OTHER PURPOSES, IF THE TREASURER  
 15 DETERMINES THAT THE MONIES IN THE SPECIAL FUNDS ARE NOT NEEDED FOR  
 16 THE PURPOSES OF THE FUNDS; TO AMEND SECTIONS 27-103-203 AND  
 17 31-17-105, MISSISSIPPI CODE OF 1972, TO CONFORM TO THE PRECEDING  
 18 PROVISIONS; AND FOR RELATED PURPOSES.

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

20 **SECTION 1.** (1) (a) There is created in the State Treasury  
 21 a special fund to be known as the Legislative Budget Supplemental  
 22 Fund, the purpose of which is to provide supplemental funds that  
 23 may be appropriated by the Legislature for any lawful purpose  
 24 during the upcoming fiscal year.

25 (b) Any interest earned on monies in the Legislative  
 26 Budget Supplemental Fund shall be deposited to the credit of the  
 27 fund. Any monies in the Legislative Budget Supplemental Fund that  
 28 are not expended by the end of the fiscal year following the  
 29 fiscal year in which they were deposited into the fund shall be  
 30 transferred into the Working Cash-Stabilization Reserve Fund  
 31 established under Section 27-103-203.

32 (2) After the end of each fiscal year, the State Treasurer  
 33 shall determine the amount in each special fund described in  
 34 subsection (4) of this section, and the amount of interest earned



35 on the monies in each of those special funds, and shall report  
36 those amounts to the members of the Legislature.

37 (3) The State Treasurer may transfer into the Legislative  
38 Budget Supplemental Fund monies from any special fund described in  
39 subsection (4) of this section that are not obligated for other  
40 purposes, if the Treasurer determines that:

41 (a) The monies in the special fund greatly exceed the  
42 amount necessary to perform the functions for which the fund  
43 exists; or

44 (b) The monies in the special fund are no longer  
45 serving the purpose for which the fund was created.

46 (4) The special funds that are subject to the provisions of  
47 this act are:

48 (a) Special funds in the State Treasury that are  
49 generating interest; and

50 (b) Special funds that are maintained in the name of  
51 the State of Mississippi or an agency of the state in a financial  
52 institution or brokerage firm and that are generating interest.

53 **SECTION 2.** Section 27-103-203, Mississippi Code of 1972, is  
54 amended as follows:

55 27-103-203. (1) There is created in the State Treasury a  
56 special fund, separate and apart from any other fund, to be  
57 designated the Working Cash-Stabilization Reserve Fund, into which  
58 shall be deposited one hundred percent (100%) of the unencumbered  
59 General Fund cash balance at the close of each fiscal year until  
60 such time as the balance in the fund reaches Forty Million Dollars  
61 (\$40,000,000.00). After the balance in the fund reaches Forty  
62 Million Dollars (\$40,000,000.00), fifty percent (50%) of the  
63 unencumbered General Fund cash balance at the close of each fiscal  
64 year, not to exceed seven and one-half percent (7-1/2%) of the  
65 General Fund appropriations for such fiscal year, shall be  
66 deposited into the fund. In addition to the deposits made into  
67 the fund under this section, the fund shall include any monies



68 transferred into the fund under the provisions of Section 1 of  
69 this act. The remainder of the year-end unencumbered cash after  
70 transfer to the Working Cash-Stabilization Reserve Fund shall  
71 remain in the General Fund. Unencumbered cash in the General Fund  
72 may be used for new year cash flow needs and may also be used for  
73 deficit appropriations or regular appropriations.

74 (2) The Working Cash-Stabilization Reserve Fund shall not be  
75 considered as a surplus or available funds when adopting a  
76 balanced budget as required by law. The State Treasurer shall  
77 invest all sums in the Working Cash-Stabilization Reserve Fund not  
78 needed for the purposes provided for in this section in  
79 certificates of deposit, repurchase agreements and other  
80 securities as authorized in Sections 27-105-33(d) or 7-9-103, as  
81 the State Treasurer may determine to yield the highest market rate  
82 available. If the Ayers Settlement Fund is created pursuant to  
83 Section 37-101-27(5), the first Five Million Dollars  
84 (\$5,000,000.00) of interest earned on such sums each fiscal year  
85 shall be deposited into that fund until a total of Seventy Million  
86 Dollars (\$70,000,000.00) has been deposited into the fund. The  
87 interest, or the remaining interest if the Ayers Settlement Fund  
88 is created, which is earned on such sums shall be deposited in the  
89 Working Cash-Stabilization Reserve Fund until the balance of  
90 principal and interest therein reaches seven and one-half percent  
91 (7-1/2%) of the total General Fund appropriations for the current  
92 fiscal year, and all interest earned in excess of amounts  
93 necessary to maintain the seven and one-half percent (7-1/2%) fund  
94 balance requirement shall be deposited by the State Treasurer into  
95 the State General Fund.

96 (3) The Working Cash-Stabilization Reserve Fund, except for  
97 Nineteen Million Dollars (\$19,000,000.00) and the amount of the  
98 interest and income earned on the principal of the Ayers Endowment  
99 Trust created by Section 37-101-27, shall be used by the State  
100 Treasurer for cash flow needs throughout the year when the



101 Executive Director of the Department of Finance and Administration  
102 certifies that in his opinion there will be cash flow deficiencies  
103 in the State General Fund. No borrowing of monies from other  
104 special funds for such purposes as authorized by Section 31-17-101  
105 et seq. shall be made as long as an unencumbered balance in excess  
106 of Nineteen Million Dollars (\$19,000,000.00) and the interest and  
107 income earned on the principal of the Ayers Endowment Trust  
108 created by Section 37-101-27 remains in the fund. The State  
109 Treasurer shall reimburse the fund for all sums borrowed for such  
110 purposes from General Fund revenues collected during the fiscal  
111 year in which such funds are used. The State Treasurer shall  
112 immediately notify the Legislative Budget Office and the State  
113 Department of Finance and Administration of each transfer into and  
114 out of such fund. Four Million Dollars (\$4,000,000.00) in the  
115 Working Cash-Stabilization Reserve Fund shall remain available for  
116 use pursuant to Section 27-103-81. Fifteen Million Dollars  
117 (\$15,000,000.00) in the Working Cash-Stabilization Reserve Fund  
118 shall remain available for exclusive use of the Ayers Endowment  
119 Trust created by Section 37-101-27. If the Ayers Settlement Fund  
120 is created pursuant to Section 37-101-27(5), beginning when a  
121 total of Fifty-five Million Dollars (\$55,000,000.00) has been  
122 deposited into the fund, for each annual deposit of interest to  
123 that fund under subsection (2) of this section, the Ayers  
124 Endowment Trust created under Section 37-101-27(1) shall be  
125 reduced by an equal amount annually until the Ayers Endowment  
126 Trust reaches Zero Dollars (\$0.00), at which time any requirements  
127 concerning the Ayers Endowment Trust in this section shall be null  
128 and void.

129 (4) The Working Cash-Stabilization Reserve Fund, except for  
130 Forty Million Dollars (\$40,000,000.00), shall also be used for the  
131 purpose of covering any projected deficits that may occur in the  
132 General Fund at the end of a fiscal year as a result of revenue  
133 shortfalls. If the Governor determines that a deficit in revenues



134 from all sources may occur, it shall be the duty of the Executive  
135 Director of the Department of Finance and Administration to  
136 transfer such funds as necessary to the General Fund to alleviate  
137 the deficit in accordance with Sections 27-104-13 and 31-17-123;  
138 however, not more than Fifty Million Dollars (\$50,000,000.00) may  
139 be transferred from the fund for such purpose in any one (1)  
140 fiscal year. If it becomes necessary to apply a part of the fund  
141 to this purpose, the amount so applied shall be restored to the  
142 Working Cash-Stabilization Reserve Fund out of future annual  
143 surpluses, as provided in subsection (1) of this section, until  
144 the seven and one-half percent (7-1/2%) maximum is again attained.

145 (5) The Working Cash-Stabilization Reserve Fund also shall  
146 be used to provide funds for the Disaster Assistance Trust Fund  
147 when such funds are immediately needed to provide for disaster  
148 assistance under Sections 33-15-301 through 33-15-317. Any  
149 transfer of funds from the Working Cash-Stabilization Reserve Fund  
150 to the Disaster Assistance Trust Fund shall be made in accordance  
151 with the provisions of subsection (5) of Section 33-15-307.

152 (6) The Department of Finance and Administration shall  
153 immediately send notice of any transfers made, or other action  
154 taken under authority of this section, to the Legislative Budget  
155 Office.

156 (7) Funds deposited in the Working Cash-Stabilization  
157 Reserve Fund shall be used only for the purposes specified in this  
158 section, and as long as the provisions of this section remain in  
159 effect, no other expenditure, appropriation or transfer of funds  
160 in the Working Cash-Stabilization Reserve Fund shall be made  
161 except by act of the Legislature making specific reference to the  
162 Working Cash-Stabilization Reserve Fund as the source of such  
163 funds.

164 **SECTION 3.** Section 31-17-105, Mississippi Code of 1972, is  
165 amended as follows:



166           31-17-105. (1) The \* \* \* notes shall be issued for the  
167 purpose of maintaining a sufficient working balance in the State  
168 General Fund. In effectuating the purposes of Section 31-17-101  
169 et seq., the following procedures shall be followed:

170           (a) Immediately following the close of business on the  
171 last day of every calendar month, the State Fiscal Officer shall  
172 submit to each member of the State Bond Commission a certified  
173 statement relative to the actual unexpended cash balance remaining  
174 to the credit of the State General Fund, and state whether or not,  
175 in his opinion, the balance was sufficient, when combined with  
176 normal receipts for the ensuing month, to provide enough cash to  
177 pay obligations during the month at the time they are due, and if  
178 it is not sufficient, stating the amount that will be needed. The  
179 State Fiscal Officer shall also submit to the State Bond  
180 Commission, if he deems the General Fund cash balance  
181 insufficient, a statement showing cash balances in all special  
182 funds in the State Treasury that appear to have cash in excess of  
183 their immediate needs. The State Bond Commission shall  
184 immediately ascertain whether those balances are, in fact, in  
185 excess of current needs;

186           (b) The State Bond Commission shall issue notes as  
187 authorized hereunder in whatever amount it finds to be necessary,  
188 upon the recommendation of the State Fiscal Officer, to maintain a  
189 sufficient working balance in the General Fund; or

190           (c) If the State Bond Commission determines that it is  
191 not practical to issue notes at that time, or if the State Bond  
192 Commission determines it is not in the financial interests of the  
193 state to issue the notes at that time, and if the cash balance in  
194 special funds in the State Treasury in fact have cash in excess of  
195 their immediate needs, then the State Bond Commission shall, to  
196 the extent that those balances are available, make temporary loans  
197 or transfers therefrom to the General Fund. To accomplish that  
198 transfer or loan, a requisition shall be issued by the Bond



199 Commission against the special fund or funds, a copy thereof to be  
200 sent to each agency responsible for the administration of the fund  
201 or funds so utilized. The State Fiscal Officer shall issue his  
202 disbursement warrants against the fund or funds in the manner  
203 prescribed in governing statutes, and shall maintain a complete  
204 record of those transfers or loans and repayments thereof. A  
205 similar but separate record shall be maintained by the State  
206 Treasurer's office, to afford a double check for the benefit of  
207 the Bond Commission and agencies administering any special funds  
208 involved. \* \* \* If any special fund has such a loan outstanding  
209 to the General Fund and needs the use of the money before the  
210 balance of the General Fund is sufficient to make repayment  
211 thereof, the Bond Commission shall effectuate a loan or transfer  
212 from other special fund or funds to the General Fund in an amount  
213 sufficient to make repayment, or if no other special fund balances  
214 are available, the Bond Commission shall immediately issue notes  
215 in the amount needed, as authorized in Section 31-17-103.

216 (2) It shall be the duty of the State Fiscal Officer to  
217 advise the Bond Commission, each month after those notes have been  
218 issued or those loans or transfers have been made, whether or not  
219 the cash balance to the credit of the State General Fund is  
220 sufficient to make full or partial payment of those obligations in  
221 addition to other current requirements, and if that is the case,  
222 the commission shall promptly issue requisitions on the State  
223 General Fund for whatever amount can be paid on those obligations  
224 without reducing the General Fund cash balance below the amount  
225 needed for current requirements during the remainder of the month;  
226 and the State Fiscal Officer shall issue his warrants accordingly.  
227 The State Treasurer shall requisition warrants, as appropriate,  
228 from the State Fiscal Officer, for the payment of interest on  
229 notes authorized hereunder and the payment of any costs authorized  
230 under Section 31-17-103.



231 (3) The State Bond Commission is also authorized, in the  
232 manner provided herein, to make temporary loans or transfers from  
233 special funds in the State Treasury to pay amounts authorized  
234 under Section 31-17-101 et seq., including without limitation  
235 payment of the principal of and interest on notes issued  
236 hereunder.

237 (4) Notes herein authorized to be issued may be reissued,  
238 and interfund loans or transfers herein authorized to be made may  
239 be remade, provided the total amount of those notes and interfund  
240 loans or transfers combined, outstanding at any one (1) time,  
241 shall not exceed seven and one-half percent (7-1/2%) of the total  
242 appropriations made by the Legislature out of the General Fund for  
243 the fiscal year during which those notes are issued and those  
244 interfund loans or transfers are made.

245 (5) The State Bond Commission shall immediately send notice  
246 of any action relating to the issuance of bonds or the borrowing  
247 of money, under authority of this or any other section, to the  
248 Legislative Budget Office.

249 (6) The authority of the State Bond Commission to make  
250 temporary loans or transfers from special funds in the State  
251 Treasury into the State General Fund is supplemental to the  
252 authority of the State Treasurer under Section 1 of this act to  
253 transfer monies from special funds in the Treasury into the  
254 Legislative Budget Supplemental Fund.

255 **SECTION 4.** This act shall take effect and be in force from  
256 and after its passage.

