

By: Representatives Morris, Smith (39th),
McCoy

To: Ways and Means

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1559

1 AN ACT TO AMEND SECTIONS 57-1-301 AND 57-1-303, MISSISSIPPI
2 CODE OF 1972, TO REFLECT THE CHANGE OF THE NAME OF THE MISSISSIPPI
3 DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT TO THE
4 MISSISSIPPI DEVELOPMENT AUTHORITY; TO REVISE THE RATE OF INTEREST
5 ON LOANS MADE FROM THE LOCAL GOVERNMENTS CAPITAL IMPROVEMENTS
6 REVOLVING LOAN FUND; AND FOR RELATED PURPOSES.

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

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

10 57-1-301. (1) There is established a local governments
11 capital improvements revolving loan program to be administered by
12 the Mississippi Development Authority for the purpose of assisting
13 counties and municipalities in making capital improvements.

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

16 (a) Construction or repair of water and sewer
17 facilities;

18 (b) Construction or repair of drainage systems for
19 industrial development;

20 (c) Improvements in fire protection;

21 (d) Construction of new buildings for economic
22 development purposes;

23 (e) Renovation or repair of existing buildings for
24 economic development purposes;

25 (f) Construction or repair of access roads for
26 industrial development;

27 (g) Purchase of buildings for economic development
28 purposes;



29 (h) Construction or repair of railroad spurs for
30 industrial development;

31 (i) Construction of any county or municipally owned
32 health care facilities, excluding any county health departments;

33 (j) Construction, purchase, renovation or repair of any
34 building to be utilized as an auditorium or convention center;

35 (k) Construction of multipurpose facilities for tourism
36 development; or

37 (l) Loans to a county to aid in retiring
38 interest-bearing loans utilized for the purchase of a motion
39 picture sound stage.

40 (3) For the purposes of Sections 57-1-301 through 57-1-335,
41 "Department of Economic and Community Development" means the
42 Mississippi Development Authority.

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

45 57-1-303. (1) (a) There is created a special fund in the
46 State Treasury to be designated as the "Local Governments Capital
47 Improvements Revolving Loan Fund," which fund shall consist of
48 such monies as provided in Sections 57-1-307 through 57-1-335.
49 The fund shall be maintained in perpetuity for the purposes
50 established in Sections 57-1-301 through 57-1-335. Unexpended
51 amounts remaining in the fund at the end of a fiscal year shall
52 not lapse into the State General Fund, and any interest earned on
53 amounts in the fund shall be deposited to the credit of the fund.
54 Monies in the fund may not be used or expended for any purpose
55 except as authorized under Sections 57-1-301 through 57-1-335.

56 (b) The Local Governments Capital Improvements
57 Revolving Loan Fund shall be divided into the Taxable Local
58 Governments Capital Improvements Revolving Loan Subaccount and the
59 Nontaxable Local Governments Capital Improvements Revolving Loan
60 Subaccount. Funds allocated to the Nontaxable Local Governments
61 Capital Improvements Revolving Loan Subaccount shall be utilized



62 to provide loans for capital improvements that would qualify for
63 the issuance of bonds whose interest is exempt from income
64 taxation under the provisions of the Internal Revenue Code. Funds
65 allocated to the Taxable Local Governments Capital Improvements
66 Revolving Loan Subaccount shall be utilized to provide loans for
67 any eligible capital improvements, including, but not limited to,
68 capital improvements that would qualify for the issuance of bonds
69 whose interest is exempt from income taxation under the provisions
70 of the Internal Revenue Code.

71 (c) Of the funds deposited into the Local Governments
72 Capital Improvements Revolving Loan Fund, not less than
73 Twenty-five Million Dollars (\$25,000,000.00) shall be allocated to
74 the Nontaxable Local Governments Capital Improvements Revolving
75 Loan Subaccount, and the remainder of such funds shall be
76 allocated to the Taxable Local Governments Capital Improvements
77 Revolving Loan Subaccount.

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

82 (3) (a) The Mississippi Development Authority shall
83 establish a loan program by which loans, at the rate of interest
84 provided for in paragraph (b) of this subsection, may be made
85 available to counties and incorporated municipalities to assist
86 counties and incorporated municipalities in making capital
87 improvements. Loans from the revolving fund may be made to
88 counties and municipalities as set forth in a loan agreement in
89 amounts not to exceed one hundred percent (100%) of eligible
90 project costs as established by the Mississippi Development
91 Authority. The Mississippi Development Authority may require
92 county or municipal participation or funding from other sources,
93 or otherwise limit the percentage of costs covered by loans from
94 the revolving fund. The Mississippi Development Authority may



95 establish a maximum amount for any loan in order to provide for
96 broad and equitable participation in the program.

97 (b) Except as otherwise provided in this paragraph (b),
98 the rate of interest on loans made from the Local Governments
99 Capital Improvements Revolving Loan Fund for capital improvements
100 that would qualify for the issuance of bonds whose interest is
101 exempt from income taxation under the provisions of the Internal
102 Revenue Code shall be at the rate of three percent (3%) per annum,
103 calculated according to the actuarial method. The rate of
104 interest on loans for all other capital improvements shall be at
105 the true interest cost on the most recent issue of twenty-year
106 state general obligation bonds occurring prior to the date such
107 loan is made. The rate of interest on loans made from the Local
108 Governments Capital Improvements Revolving Loan Fund after the
109 effective date of House Bill No. 1559, 2002 Regular Session, shall
110 be at the rate of three percent (3%) per annum. This paragraph
111 (b) shall be repealed from and after July 1, 2007.

112 Notwithstanding the provisions of this paragraph to the contrary,
113 loans made for the purposes of the capital project described in
114 Section 57-1-301(2)(1) shall bear no interest.

115 (4) A county that receives a loan from the revolving fund
116 shall pledge for repayment of the loan any part of the homestead
117 exemption annual tax loss reimbursement to which it may be
118 entitled under Section 27-33-77. An incorporated municipality
119 that receives a loan from the revolving fund shall pledge for
120 repayment of the loan any part of the sales tax revenue
121 distribution to which it may be entitled under Section 27-65-75.
122 Each loan agreement shall provide for (i) monthly payments, (ii)
123 semiannual payments, or (iii) other periodic payments, the annual
124 total of which shall not exceed the annual total for any other
125 year of the loan by more than fifteen percent (15%). The loan
126 agreement shall provide for the repayment of all funds received



127 within not more than twenty (20) years from the date of project
128 completion.

129 (5) The State Auditor, upon request of the Mississippi
130 Development Authority, shall audit the receipts and expenditures
131 of a county or an incorporated municipality whose loan payments
132 appear to be in arrears, and if he finds that the county or
133 municipality is in arrears in such payments, he shall immediately
134 notify the Executive Director of the Department of Finance and
135 Administration who shall withhold all future payments to the
136 county of homestead exemption reimbursements under Section
137 27-33-77 and all sums allocated to the county or the municipality
138 under Section 27-65-75 until such time as the county or the
139 municipality is again current in its loan payments as certified by
140 the Mississippi Development Authority.

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

145 **SECTION 3.** This act shall take effect and be in force from
146 and after its passage.

