MISSISSIPPI LEGISLATURE REGULAR SESSION 2002

By: Senator(s) Tollison

To: Education

SENATE BILL NO. 2695

AN ACT TO AMEND SECTION 37-59-43, MISSISSIPPI CODE OF 1972, TO AUTHORIZE SCHOOL BOARDS TO INVEST SURPLUS FUNDS IN THE SAME MANNER THAT IS PROVIDED FOR THE INVESTMENT OF SIXTEENTH SECTION FUNDS; AND FOR RELATED PURPOSES.

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

SECTION 1. Section 37-59-43, Mississippi Code of 1972, is amended as follows:

37-59-43. (1) Whenever any school district or levying authority, as defined in Section 37-57-1(1)(b), acting on behalf of a school district, shall have on hand any bond and interest funds, any funds derived from the sale of bonds, or any other funds in excess of the sums which will be required for payment of current obligations and expenses as they come due, and which are not needed or cannot by law be used for the payment of the current obligations or expenses of the school district, the school board of the district shall have the power and authority to invest such excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, which such county or municipal bonds have been approved by a reputable bond attorney or have been validated by a decree of the chancery court; or in interest-bearing time certificates of deposit or interest-bearing accounts with any financial institution approved for the deposit of state funds; and such institution shall be eligible to hold school district funds to the extent that it is qualified as a depository for state funds; or in any type of investment permitted by Sections 27-105-33(d) and 27-105-33(e). The rate of interest on such time certificates of deposit and interest-bearing accounts

may be negotiated. The negotiated rate of interest shall be at the highest rate possible at the date of purchase or investment for such time certificates of deposit or interest-bearing accounts. In any event, the bonds or obligations in which such funds are invested shall mature or be redeemable prior to the time the funds so invested will be needed for expenditure. When bonds or other obligations have been so purchased, the same may be sold or surrendered for redemption at any time, except certificates of deposit which must mature, by order or resolution of such school board, and the president of the school board, when authorized by such order or resolution, shall have the power and authority to execute all instruments and take such other action as may be necessary to effectuate the sale or redemption thereof. In addition to the foregoing, any school board may invest any such funds in the same manner as provided for the investment of sixteenth section principal funds pursuant to Section 29-3-113.

(2) The provisions of subsection (1) of this section shall also apply to funds of junior college districts, and the governing authorities of such districts are vested with all power and authority with respect to such funds and matters herein mentioned as are vested in the other boards mentioned above with respect to such matters.

(3) All earnings from funds other than bond funds or bond sinking funds in excess of One Hundred Dollars ($100.00) in any fiscal year, invested according to the provisions of subsections (1) and (2) of this section shall be deposited in the district fund from which the investment was made, or the treasury of the junior college, as the case may be. Earnings from such school district funds which are less than One Hundred Dollars ($100.00) in any fiscal year may be deposited in the school district maintenance fund, or in the district fund from which the investment was made, in the discretion of the school board. Earnings from funds invested out of bond funds or bond sinking

funds, together with the principal thereof, shall be deposited in the fund from which the investment was made.

(4) Nothing contained in this section shall be construed to prevent the payment of a portion of the earnings derived from the investment of bond proceeds or any other amounts in the bond fund or related reserve or sinking funds to the federal government to the extent required by the federal laws applicable to such bonds or the interest income thereon in order to maintain their tax exempt status.

SECTION 2. This act shall take effect and be in force from and after July 1, 2002.

ST: School boards investment of surplus funds; same as investment of 16th section principal funds.