MISSISSIPPI LEGISLATURE REGULAR SESSION 2004

By: Senator(s) Harden To: Education; Finance

SENATE BILL NO. 2979

AN ACT TO AMEND SECTION 29-3-113, MISSISSIPPI CODE OF 1972, TO CLARIFY THE AUTHORIZED INVESTMENTS OF SIXTEENTH SECTION PRINCIPAL FUNDS AND TO PROVIDE THAT LOANS FROM SIXTEENTH SECTION FUNDS MAY BE REFINANCED UNDER THE MISSISSIPPI BOND REFINANCING ACT; AND FOR RELATED PURPOSES.

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

SECTION 1. Section 29-3-113, Mississippi Code of 1972, is amended as follows:

29-3-113. The principal fund shall be a permanent township fund which shall consist of funds heretofore or hereafter derived from certain uses or for certain resources of school trust lands which shall be invested and, except as otherwise provided in this section, only the interest and income derived from such funds shall be expendable by the school district.

The principal fund shall consist of:

(a) Funds received for easements and rights-of-way pursuant to Section 29-3-91;

(b) Funds received for sales of lieu land pursuant to Sections 29-3-15 through 29-3-25;

(c) Funds received from any permanent damage to the school trust land;

(d) Funds received from the sale of nonrenewable resources<u>,</u> including, but not limited to, the sale of sand, gravel, dirt, clays and royalties received from the sale of mineral ores, coal, oil and gas;

(e) Funds received from the sale of buildings pursuant to Section 29-3-77;

(f) Funds received from the sale of timber; and

(g) Funds received pursuant to Section 29-3-23(2).

It shall be the duty of the Board of Education to keep the principal fund invested in any direct obligation issued by or guaranteed in full as to principal and interest by the United States of America or in certificates of deposit issued by a qualified depository of the State of Mississippi as approved by the State Treasurer. The certificates of deposit may bear interest at any rate per annum which may be mutually agreed upon but in no case shall said rate be less than that paid on passbook savings.

The Board of Education, acting alone or with other school districts, is authorized to invest the funds in interest bearing deposits or other obligations of the types described in Section 27-105-33 or in any other type investment in which any other political subdivision of the State of Mississippi may invest, including, but not limited to, those described in Section 27-105-365, except that one hundred percent (100%) of the funds are authorized to be invested. For the purposes of investment, the principal fund of each township may be combined into one or more district accounts and into one or more common investments owned by participating school districts; however, the docket book of the * * * superintendent of schools of each district shall at all times reflect the proper source of, and its ownership interest in, such funds. Provided that funds received from the sale of timber shall be placed in a separate principal fund account, and may be expended for any of the purposes authorized by law.

The Board of Education shall have authority to borrow such funds at a rate of interest not less than four percent (4%) per annum and for a term not exceeding twenty (20) years, for the erection, equipment or repair of said district schools, to provide local funds for any building project approved by the State Board of Education or to provide additional funds for forest stand improvement as set forth in Section 29-3-47. In addition, the board may borrow the funds under the same interest restrictions for a term not exceeding ten (10) years to provide funds for the purchase of school buses. The board of education shall have the further authority to refinance loans outstanding under the provisions of this section with any party determined by the board of education, pursuant to the provisions of Sections 31-15-1 through 31-15-27 or Sections 31-27-1 through 31-27-25, without regard to any savings requirements contained in such sections. The Board of Education of any school district in any county that has an aggregate amount of assets in its principal fund in excess of Five Million Dollars ($5,000,000.00), may deduct an amount not to exceed Five Hundred Thousand Dollars ($500,000.00) for the purpose of covering the cost of asbestos removal from school district buildings. Such asbestos removal shall be construed to constitute the repair of school district facilities as prescribed in Section 29-3-115.

No school land trust funds may be expended after the annual payment date until the payment is made on such loan. The annual payment can be made from any funds available to the school district except minimum foundation program funds.

It shall be unlawful for the Board of Education to borrow any sixteenth section school funds in any other manner than that prescribed herein, and if any such funds shall be borrowed or invested in any other manner, any officer concerned in making such loan and investment or suffering the same to be made in violation of the provisions of this section, shall be liable personally and on his official bond for the safety of the funds so loaned.

SECTION 2. This act shall take effect and be in force from and after July 1, 2004.