

By: Senator(s) Robertson

To: Appropriations

SENATE BILL NO. 2985

1 AN ACT TO AMEND SECTION 57-1-303, MISSISSIPPI CODE OF 1972,
2 TO REMOVE THE JULY 1, 2005, REPEAL DATE ON THE PROVISION OF LAW
3 THAT AUTHORIZES THE MISSISSIPPI DEVELOPMENT AUTHORITY TO UTILIZE
4 THE PROCEEDS OF FUNDS DERIVED FROM INTEREST ON CERTAIN LOAN
5 PAYMENTS TO THE LOCAL GOVERNMENTS CAPITAL IMPROVEMENTS REVOLVING
6 LOAN FUND FOR THE ORDINARY AND NECESSARY GENERAL SUPPORT OF THE
7 MISSISSIPPI DEVELOPMENT AUTHORITY; AND FOR RELATED PURPOSES.

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

9 **SECTION 1.** Section 57-1-303, Mississippi Code of 1972, is
10 amended as follows:

11 57-1-303. (1) (a) (i) There is created a special fund in
12 the State Treasury to be designated as the "Local Governments
13 Capital Improvements Revolving Loan Fund," which fund shall
14 consist of such monies as provided in Sections 57-1-307 through
15 57-1-335. The fund shall be maintained in perpetuity for the
16 purposes established in Sections 57-1-301 through 57-1-335.
17 Unexpended amounts remaining in the fund at the end of a fiscal
18 year shall not lapse into the State General Fund, and any interest
19 earned on amounts in the fund shall be deposited to the credit of
20 the fund. Monies in the fund may not be used or expended for any
21 purpose except as authorized under Sections 57-1-301 through
22 57-1-335.

23 (ii) Monies in the Local Governments Capital
24 Improvements Revolving Loan Fund which are derived from interest
25 on loan payments received by the Mississippi Development Authority
26 after January 1, 2002, for loans funded with proceeds of bonds
27 whose interest is not exempt from income taxation under the
28 provisions of the Internal Revenue Code may be used by the
29 Mississippi Development Authority for the ordinary and necessary

30 general support of the Mississippi Development Authority.
31 However, such monies may not be used for the purpose of providing
32 salary increases for Mississippi Development Authority employees.
33 The Mississippi Development Authority may escalate its budget and
34 expend such monies in accordance with rules and regulations of the
35 Department of Finance and Administration in a manner consistent
36 with the escalation of federal funds. * * *

37 (b) The Local Governments Capital Improvements
38 Revolving Loan Fund shall be divided into the Taxable Local
39 Governments Capital Improvements Revolving Loan Subaccount and the
40 Nontaxable Local Governments Capital Improvements Revolving Loan
41 Subaccount. Funds allocated to the Nontaxable Local Governments
42 Capital Improvements Revolving Loan Subaccount shall be utilized
43 to provide loans for capital improvements that would qualify for
44 the issuance of bonds whose interest is exempt from income
45 taxation under the provisions of the Internal Revenue Code. Funds
46 allocated to the Taxable Local Governments Capital Improvements
47 Revolving Loan Subaccount shall be utilized to provide loans for
48 any eligible capital improvements, including, but not limited to,
49 capital improvements that would qualify for the issuance of bonds
50 whose interest is exempt from income taxation under the provisions
51 of the Internal Revenue Code.

52 (c) Of the funds deposited into the Local Governments
53 Capital Improvements Revolving Loan Fund, not less than
54 Twenty-five Million Dollars (\$25,000,000.00) shall be allocated to
55 the Nontaxable Local Governments Capital Improvements Revolving
56 Loan Subaccount, and the remainder of such funds shall be
57 allocated to the Taxable Local Governments Capital Improvements
58 Revolving Loan Subaccount.

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

63 (3) (a) The Mississippi Development Authority shall
64 establish a loan program by which loans, at the rate of interest
65 provided for in paragraph (b) of this subsection, may be made
66 available to counties and incorporated municipalities to assist
67 counties and incorporated municipalities in making capital
68 improvements. Loans from the revolving fund may be made to
69 counties and municipalities as set forth in a loan agreement in
70 amounts not to exceed one hundred percent (100%) of eligible
71 project costs as established by the Mississippi Development
72 Authority. The Mississippi Development Authority may require
73 county or municipal participation or funding from other sources,
74 or otherwise limit the percentage of costs covered by loans from
75 the revolving fund. The Mississippi Development Authority may
76 establish a maximum amount for any loan in order to provide for
77 broad and equitable participation in the program and loans for
78 projects described in Section 57-1-301(1)(m) shall not exceed Two
79 Hundred Fifty Thousand Dollars (\$250,000.00) per project.

80 (b) (i) Except as otherwise provided in this paragraph
81 (b), the rate of interest on loans made from the Local Governments
82 Capital Improvements Revolving Loan Fund for capital improvements
83 that would qualify for the issuance of bonds whose interest is
84 exempt from income taxation under the provisions of the Internal
85 Revenue Code shall be at the rate of three percent (3%) per annum,
86 calculated according to the actuarial method. The rate of
87 interest on loans for all other capital improvements shall be at
88 the true interest cost on the most recent issue of twenty-year
89 state general obligation bonds occurring prior to the date such
90 loan is made.

91 (ii) The rate of interest on loans made after
92 April 9, 2002, from the Local Governments Capital Improvements
93 Revolving Loan Fund for capital improvements that would qualify
94 for the issuance of bonds whose interest is exempt from income
95 taxation under the provisions of the Internal Revenue Code shall

96 be at the rate of two percent (2%) per annum, calculated according
97 to the actuarial method. The rate of interest on loans made after
98 April 9, 2002, for all other capital improvements shall be at the
99 rate of three percent (3%) per annum, calculated according to the
100 actuarial method.

101 (iii) Notwithstanding the provisions of this
102 paragraph to the contrary, loans made for the purposes of the
103 capital project described in Section 57-1-301(2)(1) shall bear no
104 interest.

105 (4) A county that receives a loan from the revolving fund
106 shall pledge for repayment of the loan any part of the homestead
107 exemption annual tax loss reimbursement to which it may be
108 entitled under Section 27-33-77. An incorporated municipality
109 that receives a loan from the revolving fund shall pledge for
110 repayment of the loan any part of the sales tax revenue
111 distribution to which it may be entitled under Section 27-65-75.
112 Each loan agreement shall provide for (i) monthly payments, (ii)
113 semiannual payments, or (iii) other periodic payments, the annual
114 total of which shall not exceed the annual total for any other
115 year of the loan by more than fifteen percent (15%). The loan
116 agreement shall provide for the repayment of all funds received
117 within not more than twenty (20) years from the date of project
118 completion.

119 (5) The State Auditor, upon request of the Mississippi
120 Development Authority, shall audit the receipts and expenditures
121 of a county or an incorporated municipality whose loan payments
122 appear to be in arrears, and if he finds that the county or
123 municipality is in arrears in such payments, he shall immediately
124 notify the Executive Director of the Department of Finance and
125 Administration who shall withhold all future payments to the
126 county of homestead exemption reimbursements under Section
127 27-33-77 and all sums allocated to the county or the municipality
128 under Section 27-65-75 until such time as the county or the

129 municipality is again current in its loan payments as certified by
130 the Mississippi Development Authority.

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

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