

## Senate Amendments to House Bill No. 1617

TO THE CLERK OF THE HOUSE:

THIS IS TO INFORM YOU THAT THE SENATE HAS ADOPTED THE AMENDMENTS SET OUT BELOW:

### AMENDMENT NO. 1

Amend by striking all after the enacting clause and inserting in lieu thereof the following:

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 shall be transferred by  
29 the Mississippi Development Authority into the State General  
30 Fund \* \* \*.

31           (b) The Local Governments Capital Improvements  
32 Revolving Loan Fund shall be divided into the Taxable Local  
33 Governments Capital Improvements Revolving Loan Subaccount and the  
34 Nontaxable Local Governments Capital Improvements Revolving Loan

35 Subaccount. Funds allocated to the Nontaxable Local Governments  
36 Capital Improvements Revolving Loan Subaccount shall be utilized  
37 to provide loans for capital improvements that would qualify for  
38 the issuance of bonds whose interest is exempt from income  
39 taxation under the provisions of the Internal Revenue Code. Funds  
40 allocated to the Taxable Local Governments Capital Improvements  
41 Revolving Loan Subaccount shall be utilized to provide loans for  
42 any eligible capital improvements, including, but not limited to,  
43 capital improvements that would qualify for the issuance of bonds  
44 whose interest is exempt from income taxation under the provisions  
45 of the Internal Revenue Code.

46 (c) Of the funds deposited into the Local Governments  
47 Capital Improvements Revolving Loan Fund, not less than  
48 Twenty-five Million Dollars (\$25,000,000.00) shall be allocated to  
49 the Nontaxable Local Governments Capital Improvements Revolving  
50 Loan Subaccount, and the remainder of such funds shall be  
51 allocated to the Taxable Local Governments Capital Improvements  
52 Revolving Loan Subaccount.

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

57 (3) (a) The Mississippi Development Authority shall  
58 establish a loan program by which loans, at the rate of interest  
59 provided for in paragraph (b) of this subsection, may be made  
60 available to counties and incorporated municipalities to assist  
61 counties and incorporated municipalities in making capital  
62 improvements. Loans from the revolving fund may be made to  
63 counties and municipalities as set forth in a loan agreement in  
64 amounts not to exceed one hundred percent (100%) of eligible  
65 project costs as established by the Mississippi Development  
66 Authority. The Mississippi Development Authority may require  
67 county or municipal participation or funding from other sources,  
68 or otherwise limit the percentage of costs covered by loans from  
69 the revolving fund. The Mississippi Development Authority may

70 establish a maximum amount for any loan in order to provide for  
71 broad and equitable participation in the program and loans for  
72 projects described in Section 57-1-301(2)(m) shall not exceed Two  
73 Hundred Fifty Thousand Dollars (\$250,000.00) per project.

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

85 (ii) The rate of interest on loans made after  
86 April 9, 2002, from the Local Governments Capital Improvements  
87 Revolving Loan Fund for capital improvements that would qualify  
88 for the issuance of bonds whose interest is exempt from income  
89 taxation under the provisions of the Internal Revenue Code shall  
90 be at the rate of two percent (2%) per annum, calculated according  
91 to the actuarial method. The rate of interest on loans made after  
92 April 9, 2002, for all other capital improvements shall be at the  
93 rate of three percent (3%) per annum, calculated according to the  
94 actuarial method.

95 (iii) Notwithstanding the provisions of this  
96 paragraph to the contrary, loans made for the purposes of the  
97 capital project described in Section 57-1-301(2)(1) shall bear no  
98 interest.

99 (4) A county that receives a loan from the revolving fund  
100 shall pledge for repayment of the loan any part of the homestead  
101 exemption annual tax loss reimbursement to which it may be  
102 entitled under Section 27-33-77. An incorporated municipality  
103 that receives a loan from the revolving fund shall pledge for  
104 repayment of the loan any part of the sales tax revenue

105 distribution to which it may be entitled under Section 27-65-75.  
106 Each loan agreement shall provide for (i) monthly payments, (ii)  
107 semiannual payments, or (iii) other periodic payments, the annual  
108 total of which shall not exceed the annual total for any other  
109 year of the loan by more than fifteen percent (15%). The loan  
110 agreement shall provide for the repayment of all funds received  
111 within not more than twenty (20) years from the date of project  
112 completion.

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

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

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

**Further, amend by striking the title in its entirety and  
inserting in lieu thereof the following:**

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

SS01\HB1617A.J

John O. Gilbert  
Secretary of the Senate