

**Adopted
COMMITTEE AMENDMENT NO 1 PROPOSED TO**

House Bill No. 1617

BY: Committee

**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.