

By: Representative Warren

To: Appropriations

HOUSE BILL NO. 310

1 AN ACT TO AMEND SECTION 57-1-303, MISSISSIPPI CODE OF 1972,
2 TO EXTEND THE DATE OF REPEAL ON THE SECTION OF LAW THAT REGULATES
3 THE MANNER IN WHICH THE MISSISSIPPI DEVELOPMENT AUTHORITY MAY
4 SPEND MONIES FROM THE "LOCAL GOVERNMENTS CAPITAL IMPROVEMENTS
5 REVOLVING LOAN FUND"; AND FOR RELATED PURPOSES.

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

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

9 57-1-303. (1) (a) (i) There is created a special fund in
10 the State Treasury to be designated as the "Local Governments
11 Capital Improvements Revolving Loan Fund," which fund shall
12 consist of such monies as provided in Sections 57-1-307 through
13 57-1-335. The fund shall be maintained in perpetuity for the
14 purposes established in Sections 57-1-301 through 57-1-335.
15 Unexpended amounts remaining in the fund at the end of a fiscal
16 year shall not lapse into the State General Fund, and any interest
17 earned on amounts in the fund shall be deposited to the credit of
18 the fund. Monies in the fund may not be used or expended for any
19 purpose except as authorized under Sections 57-1-301 through
20 57-1-335.

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

29 However, such monies may not be used for the purpose of providing
30 salary increases for Mississippi Development Authority employees.
31 The Mississippi Development Authority may escalate its budget and
32 expend such monies in accordance with rules and regulations of the
33 Department of Finance and Administration in a manner consistent
34 with the escalation of federal funds. This subparagraph (ii)
35 shall be repealed from and after July 1, 2007.

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

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

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

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

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

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

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

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

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

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

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

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

134 **SECTION 2.** This act shall take effect and be in force from
135 and after July 1, 2005.