

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35 shall be repealed from and after July 1, 2007.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.