

By: Representatives Brown, Akins, Aldridge, Broomfield, Buck, Burnett, Calhoun, Carlton, Clark, Clarke, Dickson, Frierson, Harrison, Holloway, Jennings, Lott, Markham, Martinson, Mayo, Montgomery, Morris, Myers, Parker, Reeves, Rogers (61st), Thomas, Ward, Warren, Weathersby, Whittington

To: Education

HOUSE BILL NO. 39
(As Sent to Governor)

1 AN ACT TO AMEND SECTION 37-57-108, MISSISSIPPI CODE OF 1972,
2 TO INCREASE THE LIMIT OF THE AMOUNT OF MONEY ALLOWED TO BE
3 BORROWED BY CERTAIN SCHOOL DISTRICTS; TO AMEND SECTION 27-39-333,
4 MISSISSIPPI CODE OF 1972, TO INCREASE THE LENGTH OF TIME FOR
5 SCHOOL DISTRICTS TO REPAY FUNDS IF THERE HAS BEEN A REVENUE
6 SHORTFALL; TO AMEND SECTION 37-59-111, MISSISSIPPI CODE OF 1972,
7 TO PROVIDE THAT NOTES OR CERTIFICATES OF INDEBTEDNESS FOR CERTAIN
8 PURPOSES FOR CERTAIN SCHOOL DISTRICTS DO NOT HAVE TO BE PAID BACK
9 IN EQUAL INSTALLMENTS; TO CLARIFY THAT SCHOOL DISTRICTS MAY BORROW
10 MONEY FROM THE UNITED STATES DEPARTMENT OF AGRICULTURE RURAL
11 DEVELOPMENT AGENCY UNDER PROVISIONS OF STATE OR FEDERAL LAW THAT
12 PROVIDE FOR BORROWING BY SCHOOL DISTRICTS; AND FOR RELATED
13 PURPOSES.

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

15 **SECTION 1.** Section 37-57-108, Mississippi Code of 1972, is
16 amended as follows:

17 **[From and after the effective date of this act through June**
18 **30, 2007, this act shall read as follows:]**

19 37-57-108. (1) In the event that the amount of revenue
20 collected or estimated to be collected from local sources, on
21 behalf of a school district during a fiscal year, is less than the
22 amount provided for in the duly adopted budget of said school
23 district for the fiscal year, then the school district may issue
24 promissory notes in an amount and in the manner set forth in
25 Section 27-39-333, not to exceed the estimated shortfall of
26 revenue from local sources, but in no event to exceed twenty-five
27 percent (25%) of its budget anticipated to be funded from the
28 sources of the shortfall for the fiscal year. A school district
29 issuing notes under the provisions of this section shall not be
30 required to publish notice of its intention to do so or to secure
31 the consent of the qualified electors or the tax levying authority
32 of such school district.

33 (2) If the amount of revenue collected or estimated to be
34 collected from local sources, on behalf of a school district
35 during a fiscal year, is less than the amount provided for in the
36 duly adopted budget of the school district for the fiscal year as
37 a result of Hurricane Katrina, then the school district may issue
38 promissory notes in an amount and in the manner set forth in
39 Section 27-39-333, not to exceed the estimated shortfall of
40 revenue from local sources, but in no event to exceed fifty
41 percent (50%) of its budget anticipated to be funded from the
42 sources of the shortfall for the fiscal year. Any school district
43 issuing promissory notes under this subsection may do so only if
44 such school district receives prior approval by the State
45 Superintendent of Education that the school district received
46 damage from Hurricane Katrina. In order for a school district to
47 issue notes under the provisions of this section, the
48 superintendent of the local school district must recommend such
49 action to the school board and the board must duly adopt and enter
50 upon its official minutes a resolution setting forth specific
51 findings as to how the district meets the requirements of this
52 section.

53 **[From and after July 1, 2007, this act shall read as**
54 **follows:]**

55 37-57-108. In the event that the amount of revenue collected
56 or estimated to be collected from local sources, on behalf of a
57 school district during a fiscal year, is less than the amount
58 provided for in the duly adopted budget of said school district
59 for the fiscal year, then the school district may issue promissory
60 notes in an amount and in the manner set forth in Section
61 27-39-333, not to exceed the estimated shortfall of revenue from
62 local sources, but in no event to exceed twenty-five percent (25%)
63 of its budget anticipated to be funded from the sources of the
64 shortfall for the fiscal year. A school district issuing notes
65 under the provisions of this section shall not be required to

66 publish notice of its intention to do so or to secure the consent
67 of the qualified electors or the tax levying authority of such
68 school district.

69 **SECTION 2.** Section 27-39-333, Mississippi Code of 1972, is
70 amended as follows:

71 **[From and after the effective date of this act through June**
72 **30, 2007, this act shall read as follows:]**

73 27-39-333. (1) For purposes of this section, the following
74 terms shall have the meanings ascribed herein:

75 (a) "Political subdivision" means any political
76 subdivision which receives ad valorem tax revenue.

77 (b) "Levying authority" means any political subdivision
78 having legal authority to levy ad valorem taxes for its operation
79 or for the operation of another political subdivision.

80 (2) Any political subdivision which, during a fiscal year,
81 estimates that the amount of the ad valorem taxes or other
82 anticipated revenue from local sources to be collected therein is
83 less than the amount estimated at the time of formulation of its
84 budget for the fiscal year due to circumstances which were
85 unanticipated at the time of formulation of the budget and which
86 will prevent the political subdivision from meeting its financial
87 obligations may, with the approval of the levying authority for
88 such political subdivision, issue promissory notes in an amount
89 equal to the estimated shortfall of ad valorem taxes and/or
90 revenue from local sources but in no event to exceed twenty-five
91 percent (25%) of its budget anticipated to be funded from the
92 sources of the shortfall for the fiscal year. However, if a
93 school district which, during a fiscal year, estimates that the
94 amount of the ad valorem taxes or other anticipated revenue from
95 local sources to be collected therein is less than the amount
96 provided for in the duly adopted budget of the school district for
97 the fiscal year as a result of Hurricane Katrina, then the school
98 district may issue promissory notes in an amount equal to the

99 estimated shortfall of ad valorem taxes and/or revenue from local
100 sources but in no event to exceed fifty percent (50%) of its
101 budget anticipated to be funded from the sources of the shortfall
102 for the fiscal year. Any school district issuing promissory notes
103 under this subsection may do so only if such school district
104 receives prior approval by the State Superintendent of Education
105 that the school district received damage from Hurricane Katrina.
106 In order for a school district to issue notes under the provisions
107 of this section, the superintendent of the local school district
108 must recommend such action to the school board and the board must
109 duly adopt and enter upon its official minutes a resolution
110 setting forth specific findings as to how the district meets the
111 requirements of this section.

112 (3) The proceeds of such notes shall be used in the budget
113 or budgets in which the shortfall occurred and shall be used
114 solely to offset the shortfall in such budgets for the fiscal
115 year. The rate of interest paid thereon shall not exceed that
116 amount set forth in Section 75-17-105, Mississippi Code of 1972.
117 The indebtedness shall be repaid in full, including interest
118 thereon, in equal installments, during the three (3) fiscal years
119 next succeeding the fiscal year in which the notes were issued.
120 However, the indebtedness of a school district issuing notes as a
121 result of a shortfall that occurred as a result of Hurricane
122 Katrina shall be repaid in full, including interest thereon in the
123 manner authorized by the school board, during the seven (7) fiscal
124 years next succeeding the fiscal year in which the notes were
125 issued. For the payment of such indebtedness, the levying
126 authority for the political subdivision shall, at its next regular
127 meeting at which ad valorem taxes are lawfully levied, levy an ad
128 valorem tax sufficient to repay the indebtedness in full,
129 including interest. The proceeds of the notes shall be included
130 as proceeds of ad valorem taxes for the purposes of the limitation
131 on increases in revenue for the next succeeding fiscal year under

132 Section 27-39-305, 27-39-320, 27-39-321 or 37-57-107, Mississippi
133 Code of 1972, whichever is applicable depending upon the purpose
134 for which such proceeds are used.

135 (4) Any notes issued under this section prior to the
136 effective date of Laws 1987, Chapter 507, shall be repaid as
137 provided in Section 28, Chapter 514, Laws of 1985.

138 (5) For the purposes of Sections 27-39-305, 27-39-320,
139 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when
140 used in connection with the amount of funds generated in a
141 preceding fiscal year shall include excess receipts collected in
142 the next preceding fiscal year and deposited into a special
143 account under Section 27-39-323.

144 **[From and after July 1, 2007, this act shall read as**
145 **follows:]**

146 27-39-333. (1) For purposes of this section, the following
147 terms shall have the meanings ascribed herein:

148 (a) "Political subdivision" means any political
149 subdivision which receives ad valorem tax revenue.

150 (b) "Levying authority" means any political subdivision
151 having legal authority to levy ad valorem taxes for its operation
152 or for the operation of another political subdivision.

153 (2) Any political subdivision which, during a fiscal year,
154 estimates that the amount of the ad valorem taxes or other
155 anticipated revenue from local sources to be collected therein is
156 less than the amount estimated at the time of formulation of its
157 budget for the fiscal year due to circumstances which were
158 unanticipated at the time of formulation of the budget and which
159 will prevent the political subdivision from meeting its financial
160 obligations may, with the approval of the levying authority for
161 such political subdivision, issue promissory notes in an amount
162 equal to the estimated shortfall of ad valorem taxes and/or
163 revenue from local sources but in no event to exceed twenty-five

164 percent (25%) of its budget anticipated to be funded from the
165 sources of the shortfall for the fiscal year.

166 (3) The proceeds of such notes shall be used in the budget
167 or budgets in which the shortfall occurred and shall be used
168 solely to offset the shortfall in such budgets for the fiscal
169 year. The rate of interest paid thereon shall not exceed that
170 amount set forth in Section 75-17-105, Mississippi Code of 1972.
171 The indebtedness shall be repaid in full, including interest
172 thereon, in equal installments, during the three (3) fiscal years
173 next succeeding the fiscal year in which the notes were issued.
174 For the payment of such indebtedness, the levying authority for
175 the political subdivision shall, at its next regular meeting at
176 which ad valorem taxes are lawfully levied, levy an ad valorem tax
177 sufficient to repay the indebtedness in full, including interest.
178 The proceeds of the notes shall be included as proceeds of ad
179 valorem taxes for the purposes of the limitation on increases in
180 revenue for the next succeeding fiscal year under Section
181 27-39-305, 27-39-320, 27-39-321 or 37-57-107, Mississippi Code of
182 1972, whichever is applicable depending upon the purpose for which
183 such proceeds are used.

184 (4) Any notes issued under this section prior to the
185 effective date of Laws 1987, Chapter 507, shall be repaid as
186 provided in Section 28, Chapter 514, Laws of 1985.

187 (5) For the purposes of Sections 27-39-305, 27-39-320,
188 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when
189 used in connection with the amount of funds generated in a
190 preceding fiscal year shall include excess receipts collected in
191 the next preceding fiscal year and deposited into a special
192 account under Section 27-39-323.

193 **SECTION 3.** Section 37-59-111, Mississippi Code of 1972, is
194 amended as follows:

195 **[From and after the effective date of this act through June**
196 **30, 2007, this act shall read as follows:]**

197 37-59-111. All indebtedness incurred under the provisions of
198 this article shall be evidenced by the negotiable notes or
199 certificates of indebtedness of the school district on whose
200 behalf the money is borrowed. Said notes or certificates of
201 indebtedness shall be signed by the president of the school board
202 and superintendent of schools of such school district. Such notes
203 or certificates of indebtedness shall not bear a greater overall
204 maximum interest rate to maturity than the rates now or hereafter
205 authorized under the provisions of Section 19-9-19. No such notes
206 or certificates of indebtedness shall be issued and sold for less
207 than par and accrued interest. All such notes or certificates of
208 indebtedness shall mature according to the following:

209 (a) All notes or certificates of indebtedness issued
210 for purposes authorized under Section 37-59-101, with the
211 exception of the financing of school buses and transportation
212 equipment, shall mature in approximately equal installments of
213 principal and interest over a period not to exceed twenty (20)
214 years from the date of issuance thereof. However, notes or
215 certificates of indebtedness issued to purchase, repair, equip,
216 replace or construct school facilities damaged or necessitated by
217 Hurricane Katrina shall mature and bear interest as determined by
218 the school board over a period not to exceed twenty (20) years
219 from the date of issuance thereof. Provided, however, that if
220 negotiable notes used to finance other such capital improvements
221 are outstanding from not more than one (1) previous issue
222 authorized under the provisions of this article, then the schedule
223 of payments for a new or supplementary issue may be so adjusted
224 that the schedule of maturities of all notes or series of notes
225 hereunder shall, when combined, mature as provided herein over a
226 period of twenty (20) years from the date of the new or
227 supplementary issue, or if a lower interest rate will be secured
228 on notes previously issued and outstanding, a portion of the
229 proceeds of any issue authorized hereunder may be used to refund

230 the balance of the indebtedness previously issued under the
231 authority of this article.

232 (b) All notes or certificates of indebtedness for
233 purposes of financing of school buses and transportation equipment
234 shall mature in approximately equal installments of principal and
235 interest over a period not to exceed ten (10) years from the date
236 of issuance thereof. However, notes or certificates of
237 indebtedness issued to purchase, repair or replace school buses
238 and transportation equipment damaged or necessitated by Hurricane
239 Katrina shall mature and bear interest as determined by the school
240 board over a period not to exceed ten (10) years from the date of
241 issuance thereof. Provided, however, that if negotiable notes
242 used to finance such noncapital improvements are outstanding from
243 not more than one (1) previous issue authorized under the
244 provisions of this article, then the schedule of payments for a
245 new or supplementary issue may be so adjusted that the schedule of
246 maturities of all notes or series of notes hereunder shall, when
247 combined, mature as provided herein over a period of ten (10)
248 years from the date of the new or supplementary issue, or if a
249 lower interest rate will thereby be secured on notes previously
250 issued and outstanding, a portion of the proceeds of any issue
251 authorized hereunder may be used to refund the balance of the
252 indebtedness previously issued under the authority of this
253 article.

254 Such notes or certificates of indebtedness shall be issued in
255 such form and in such denominations as may be determined by the
256 school board, and same may be made payable at the office of any
257 bank or trust company selected by the school board, and, in such
258 case, funds for the payment of principal and interest due thereon
259 shall be provided in the same manner provided by law for the
260 payment of the principal and interest due on bonds issued by the
261 taxing districts of this state.

262 Any school district in Mississippi may borrow money from the
263 United States Department of Agriculture Rural Development agency
264 under any provision of state or federal law that provides for the
265 borrowing of money by school districts.

266 **[From and after July 1, 2007, this act shall read as**
267 **follows:]**

268 37-59-111. All indebtedness incurred under the provisions of
269 this article shall be evidenced by the negotiable notes or
270 certificates of indebtedness of the school district on whose
271 behalf the money is borrowed. Said notes or certificates of
272 indebtedness shall be signed by the president of the school board
273 and superintendent of schools of such school district. Such notes
274 or certificates of indebtedness shall not bear a greater overall
275 maximum interest rate to maturity than the rates now or hereafter
276 authorized under the provisions of Section 19-9-19. No such notes
277 or certificates of indebtedness shall be issued and sold for less
278 than par and accrued interest. All such notes or certificates of
279 indebtedness shall mature according to the following:

280 (a) All notes or certificates of indebtedness issued
281 for purposes authorized under Section 37-59-101, with the
282 exception of the financing of school buses and transportation
283 equipment, shall mature in approximately equal installments of
284 principal and interest over a period not to exceed twenty (20)
285 years from the date of issuance thereof. Provided, however, that
286 if negotiable notes used to finance other such capital
287 improvements are outstanding from not more than one (1) previous
288 issue authorized under the provisions of this article, then the
289 schedule of payments for a new or supplementary issue may be so
290 adjusted that the schedule of maturities of all notes or series of
291 notes hereunder shall, when combined, mature in approximately
292 equal installments of principal and interest over a period of
293 twenty (20) years from the date of the new or supplementary issue,
294 or if a lower interest rate will be secured on notes previously

295 issued and outstanding, a portion of the proceeds of any issue
296 authorized hereunder may be used to refund the balance of the
297 indebtedness previously issued under the authority of this
298 article.

299 (b) All notes or certificates of indebtedness for
300 purposes of financing of school buses and transportation equipment
301 shall mature in approximately equal installments of principal and
302 interest over a period not to exceed ten (10) years from the date
303 of issuance thereof. Provided, however, that if negotiable notes
304 used to finance such noncapital improvements are outstanding from
305 not more than one (1) previous issue authorized under the
306 provisions of this article, then the schedule of payments for a
307 new or supplementary issue may be so adjusted that the schedule of
308 maturities of all notes or series of notes hereunder shall, when
309 combined, mature in approximately equal installments of principal
310 and interest over a period of ten (10) years from the date of the
311 new or supplementary issue, or if a lower interest rate will
312 thereby be secured on notes previously issued and outstanding, a
313 portion of the proceeds of any issue authorized hereunder may be
314 used to refund the balance of the indebtedness previously issued
315 under the authority of this article.

316 Such notes or certificates of indebtedness shall be issued in
317 such form and in such denominations as may be determined by the
318 school board, and same may be made payable at the office of any
319 bank or trust company selected by the school board, and, in such
320 case, funds for the payment of principal and interest due thereon
321 shall be provided in the same manner provided by law for the
322 payment of the principal and interest due on bonds issued by the
323 taxing districts of this state.

324 Any school district in Mississippi may borrow money from the
325 United States Department of Agriculture Rural Development agency
326 under any provision of state or federal law that provides for the
327 borrowing of money by school districts.

328 **SECTION 4.** This act shall take effect and be in force from
329 and after its passage.