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To: Finance

SENATE BILL NO. 2022
(As Passed the Senate)

1 AN ACT TO AMEND SECTIONS 27-39-333 AND 37-57-108, MISSISSIPPI
2 CODE OF 1972, TO AUTHORIZE SCHOOL DISTRICTS AND POLITICAL
3 SUBDIVISIONS TO INCREASE TERM LIMIT AND REPAYMENT OPTIONS ON
4 PROMISSORY NOTES ISSUED DUE TO REVENUE SHORTFALL RELATED TO
5 HURRICANE KATRINA; AND FOR RELATED PURPOSES.

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

7 **SECTION 1.** Section 27-39-333, Mississippi Code of 1972, is
8 amended as follows:

9 **[Through June 30, 2007, this section shall read as follows:]**

10 27-39-333. (1) For purposes of this section, the following
11 terms shall have the meanings ascribed herein:

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

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

17 (2) Any political subdivision which, during a fiscal year,
18 estimates that the amount of the ad valorem taxes or other
19 anticipated revenue from local sources to be collected therein is
20 less than the amount estimated at the time of formulation of its
21 budget for the fiscal year due to circumstances which were
22 unanticipated at the time of formulation of the budget and which
23 will prevent the political subdivision from meeting its financial
24 obligations may, with the approval of the levying authority for
25 such political subdivision, issue promissory notes in an amount
26 equal to the estimated shortfall of ad valorem taxes and/or
27 revenue from local sources but in no event to exceed twenty-five
28 percent (25%) of its budget anticipated to be funded from the

29 sources of the shortfall for the fiscal year. However, for
30 reasons related to Hurricane Katrina, a political subdivision
31 desiring to issue promissory notes in excess of twenty-five
32 percent (25%) of its budget anticipated to be funded from the
33 sources of the shortfall may do so as provided in subsection (6)
34 of this section.

35 (3) The proceeds of such notes shall be used in the budget
36 or budgets in which the shortfall occurred and shall be used
37 solely to offset the shortfall in such budgets for the fiscal
38 year. The rate of interest paid thereon shall not exceed that
39 amount set forth in Section 75-17-105, Mississippi Code of 1972.
40 Except as otherwise provided in subsection (6) of this section,
41 the indebtedness shall be repaid in full, including interest
42 thereon, in equal installments, during the three (3) fiscal years
43 next succeeding the fiscal year in which the notes were issued.
44 For the payment of such indebtedness, the levying authority for
45 the political subdivision shall, at its next regular meeting at
46 which ad valorem taxes are lawfully levied, levy an ad valorem tax
47 sufficient to repay the indebtedness in full, including interest.
48 The proceeds of the notes shall be included as proceeds of ad
49 valorem taxes for the purposes of the limitation on increases in
50 revenue for the next succeeding fiscal year under Section
51 27-39-305, 27-39-320, 27-39-321 or 37-57-107, Mississippi Code of
52 1972, whichever is applicable depending upon the purpose for which
53 such proceeds are used.

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

57 (5) For the purposes of Sections 27-39-305, 27-39-320,
58 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when
59 used in connection with the amount of funds generated in a
60 preceding fiscal year shall include excess receipts collected in

61 the next preceding fiscal year and deposited into a special
62 account under Section 27-39-323.

63 (6) (a) For reasons related to Hurricane Katrina, a public
64 school district may increase the amount of promissory notes that
65 it may issue from an amount not in excess of twenty-five percent
66 (25%) of its budget anticipated to be funded from the sources of
67 the shortfall to an amount not to exceed fifty percent (50%) of
68 its budget anticipated to be funded from the sources of the
69 shortfall, and may increase the time during which the indebtedness
70 must be repaid in full to during the seven (7) fiscal years next
71 succeeding the fiscal year in which the notes were issued, if the
72 school district first receives the approval of the State Board of
73 Education based upon written justification therefor; and

74 (b) For reasons related to Hurricane Katrina, a
75 political subdivision that is not a public school district may
76 increase the amount of promissory notes that it may issue from an
77 amount not in excess of twenty-five percent (25%) of its budget
78 anticipated to be funded from the sources of the shortfall to an
79 amount not to exceed fifty percent (50%) of its budget anticipated
80 to be funded from the sources of the shortfall, and may increase
81 the time during which the indebtedness must be repaid to during
82 the seven (7) years next succeeding the fiscal year in which the
83 notes were issued, if the political subdivision first receives the
84 approval of the State Treasurer based upon written justification
85 therefor.

86 **[From and after July 1, 2007, this section shall read as**
87 **follows:]**

88 27-39-333. (1) For purposes of this section, the following
89 terms shall have the meanings ascribed herein:

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

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

95 (2) Any political subdivision which, during a fiscal year,
96 estimates that the amount of the ad valorem taxes or other
97 anticipated revenue from local sources to be collected therein is
98 less than the amount estimated at the time of formulation of its
99 budget for the fiscal year due to circumstances which were
100 unanticipated at the time of formulation of the budget and which
101 will prevent the political subdivision from meeting its financial
102 obligations may, with the approval of the levying authority for
103 such political subdivision, issue promissory notes in an amount
104 equal to the estimated shortfall of ad valorem taxes and/or
105 revenue from local sources but in no event to exceed twenty-five
106 percent (25%) of its budget anticipated to be funded from the
107 sources of the shortfall for the fiscal year.

108 (3) The proceeds of such notes shall be used in the budget
109 or budgets in which the shortfall occurred and shall be used
110 solely to offset the shortfall in such budgets for the fiscal
111 year. The rate of interest paid thereon shall not exceed that
112 amount set forth in Section 75-17-105, Mississippi Code of 1972.
113 The indebtedness shall be repaid in full, including interest
114 thereon, in equal installments, during the three (3) fiscal years
115 next succeeding the fiscal year in which the notes were issued.
116 For the payment of such indebtedness, the levying authority for
117 the political subdivision shall, at its next regular meeting at
118 which ad valorem taxes are lawfully levied, levy an ad valorem tax
119 sufficient to repay the indebtedness in full, including interest.
120 The proceeds of the notes shall be included as proceeds of ad
121 valorem taxes for the purposes of the limitation on increases in
122 revenue for the next succeeding fiscal year under Section
123 27-39-305, 27-39-320, 27-39-321 or 37-57-107, Mississippi Code of

124 1972, whichever is applicable depending upon the purpose for which
125 such proceeds are used.

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

129 (5) For the purposes of Sections 27-39-305, 27-39-320,
130 27-39-321 and 37-57-107, the terms "revenue" and "receipts" when
131 used in connection with the amount of funds generated in a
132 preceding fiscal year shall include excess receipts collected in
133 the next preceding fiscal year and deposited into a special
134 account under Section 27-39-323.

135 **SECTION 2.** Section 37-57-108, Mississippi Code of 1972, is
136 amended as follows:

137 **[Through June 30, 2007, this section shall read as follows:]**

138 37-57-108. In the event that the amount of revenue collected
139 or estimated to be collected from local sources, on behalf of a
140 school district during a fiscal year, is less than the amount
141 provided for in the duly adopted budget of said school district
142 for the fiscal year, then the school district may issue promissory
143 notes in an amount and in the manner set forth in Section
144 27-39-333, not to exceed the estimated shortfall of revenue from
145 local sources, but in no event to exceed twenty-five percent (25%)
146 of its budget anticipated to be funded from the sources of the
147 shortfall for the fiscal year. A school district issuing notes
148 under the provisions of this section shall not be required to
149 publish notice of its intention to do so or to secure the consent
150 of the qualified electors or the tax levying authority of such
151 school district. However, for reasons related to Hurricane
152 Katrina, a public school district may issue promissory notes in an
153 amount in excess of twenty-five percent (25%) of its budget
154 anticipated to be funded from the sources of the shortfall to an
155 amount not to exceed fifty percent (50%) of its budget anticipated
156 to be funded from the sources of the shortfall, if the school

157 district first receives the approval of the State Board of
158 Education based upon written justification therefor.

159 **[From and after July 1, 2007, this section shall read as**
160 **follows:]**

161 37-57-108. In the event that the amount of revenue collected
162 or estimated to be collected from local sources, on behalf of a
163 school district during a fiscal year, is less than the amount
164 provided for in the duly adopted budget of said school district
165 for the fiscal year, then the school district may issue promissory
166 notes in an amount and in the manner set forth in Section
167 27-39-333, not to exceed the estimated shortfall of revenue from
168 local sources, but in no event to exceed twenty-five percent (25%)
169 of its budget anticipated to be funded from the sources of the
170 shortfall for the fiscal year. A school district issuing notes
171 under the provisions of this section shall not be required to
172 publish notice of its intention to do so or to secure the consent
173 of the qualified electors or the tax levying authority of such
174 school district.

175 **SECTION 3.** This act shall take effect and be in force from
176 and after its passage.