

By: Representatives Gunn, Rotenberry

To: County Affairs; Ways and Means

HOUSE BILL NO. 953

1 AN ACT TO AMEND SECTIONS 19-9-29, 21-33-323 AND 37-59-43,
2 MISSISSIPPI CODE OF 1972, TO ALLOW COUNTIES, MUNICIPALITIES AND
3 SCHOOL DISTRICTS TO INVEST SURPLUS FUNDS IN BONDS ISSUED BY
4 CERTAIN GOVERNMENT SPONSORED ENTERPRISES THAT ARE OF THE
5 HIGHEST-RATED CREDIT QUALITY; AND FOR RELATED PURPOSES.

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

7 **SECTION 1.** Section 19-9-29, Mississippi Code of 1972, is
8 amended as follows:

9 19-9-29. Whenever any county has on hand any bond and
10 interest funds, any funds derived from the sale of bonds, special
11 funds, or any other funds in excess of the sums that will be
12 required to meet the current needs and demands of no more than
13 seven (7) business days, the board of supervisors of the county
14 shall invest the excess funds in the following manner:

15 (a) The excess funds shall be invested for periods of
16 from fourteen (14) days to one (1) year in interest-bearing time
17 certificates of deposit with county depositories serving in
18 accordance with Section 27-105-303 that are willing to accept the
19 same, at a negotiated rate of interest. The negotiated rate of
20 interest shall be at the highest rate possible at the date of
21 purchase or investment for those time certificates of deposit or
22 interest-bearing accounts, but the rate of interest shall not be
23 less than the rate of interest paid to the general public on
24 passbook savings. The rate of interest established in this
25 paragraph (a) shall be the minimum rate of interest and there
26 shall be no maximum rate of interest.

27 (b) The balance, if any, of the excess funds shall be
28 invested in interest-bearing time certificates of deposit for the

29 same maturity periods and at the same rate of interest as
30 prescribed in paragraph (a) of this section in state depositories
31 located in the county that are willing to accept the same, to the
32 same extent as the depositories are eligible for invested state
33 funds.

34 (c) To the extent that the board of supervisors finds
35 that the excess funds cannot be invested under paragraphs (a) and
36 (b) of this section for the stated maturity of from fourteen (14)
37 days to one (1) year, the board of supervisors may:

38 (i) Invest the funds in any bonds or other direct
39 obligations of the United States of America, the State of
40 Mississippi, or any county, municipality or school district of
41 this state, if the county, municipal or school district bonds have
42 been approved by a reputable bond attorney or have been validated
43 by a decree of the chancery court;

44 (ii) Invest the funds, together with any other
45 funds required for current operation, in obligations issued or
46 guaranteed in full as to principal and interest by the United
47 States of America that are subject to a repurchase agreement with
48 a county or state depository;

49 (iii) Invest the funds in any bonds issued by the
50 Federal Home Loan Bank System, the Federal National Mortgage
51 Association, the Federal Home Loan Mortgage Corporation or the
52 Federal Farm Credit Bank that are of the highest-rated credit
53 quality; or * * *

54 (iv) Deposit the funds in interest-bearing
55 accounts with a county or state depository.

56 The bonds or obligations purchased may have any maturity
57 date, provided that they shall mature or be redeemable before the
58 time that the funds so invested will be needed for expenditure.

59 Any excess funds invested in certificates of deposit or
60 interest-bearing accounts with county or state depositories under
61 this section shall be secured in the manner required by Section

62 27-105-315. The proceeds of the certificates of deposit shall be
63 immediately reinvested on the date of maturity in accordance with
64 paragraphs (a), (b) and (c) of this section, unless the board of
65 supervisors determines that the funds are required for current
66 operation.

67 When bonds or other obligations have been purchased, the same
68 may be sold or surrendered for redemption at any time, except
69 certificates of deposit that must mature, by order or resolution
70 of the board of supervisors. The president of the board of
71 supervisors, when authorized by that order or resolution, shall
72 have the power and authority to execute all instruments and take
73 such other action as may be necessary to effectuate the sale or
74 redemption of the bonds or other obligations. When the bonds or
75 other obligations are sold or redeemed, the proceeds of the sale
76 or redemption, including accrued interest on the proceeds, shall
77 be paid into the same fund as that from which the investment was
78 made and shall in all respects be dealt with as are other monies
79 in the fund.

80 Except as hereinafter provided, any interest derived from the
81 investments authorized in this section may, as an alternative, be
82 deposited into the general fund of the county. Any interest
83 derived from the investment of sums received under the terms of
84 the federal State and Local Fiscal Assistance Act of 1972 and any
85 later revisions or reenactments of that act shall be paid into the
86 same fund as that from which the investment was made. Any
87 interest derived from the investment of school bond funds shall be
88 handled as provided in Section 37-59-43. Any interest derived
89 from investment of other bond proceeds or from investment of any
90 bond and interest fund, bond reserve fund or bond redemption
91 sinking fund shall be deposited either in the same fund from which
92 the investment was made or in the bond and interest fund
93 established for payment of the principal or interest on the bonds.
94 Any interest derived from special purpose funds that are outside

95 the function of general county government shall be paid into that
96 special purpose fund.

97 **SECTION 2.** Section 21-33-323, Mississippi Code of 1972, is
98 amended as follows:

99 21-33-323. Whenever any municipality has on hand any bond
100 and interest funds, any funds derived from the sale of bonds,
101 special funds, or any other funds in excess of the sums that will
102 be required for immediate expenditure and that are not needed or
103 cannot by law be used for the payment of the current obligations
104 or expenses of the municipality, the governing authorities of the
105 municipality shall have the power and authority to invest the
106 excess funds in:

107 (a) Any bonds or other direct obligations of the United
108 States of America or the State of Mississippi, or of any county or
109 municipality of this state, or of any school district, which
110 * * * county or municipal or school district bonds have been
111 approved by a reputable bond attorney or have been validated by a
112 decree of the chancery court; * * *

113 (b) Any obligations issued or guaranteed in full as to
114 principal and interest by the United States of America that are
115 subject to a repurchase agreement with a qualified depository; or

116 (c) Any bonds issued by the Federal Home Loan Bank
117 System, the Federal National Mortgage Association, the Federal
118 Home Loan Mortgage Corporation or the Federal Farm Credit Bank
119 that are of the highest-rated credit quality.

120 In any event, the bonds or obligations in which the funds are
121 invested shall mature or be redeemable before the time the funds
122 so invested will be needed for expenditure.

123 However, the excess funds may first be offered for investment
124 in interest-bearing time certificates of deposit with municipal
125 depositories serving in accordance with Section 27-105-353 at a
126 rate of interest not less than a simple interest rate numerically
127 equal to the average bank discount rate on United States Treasury

128 bills of comparable maturity. The rate of interest established
129 in this section shall be the minimum rate of interest and there
130 shall be no maximum rate of interest. The excess funds may also
131 be invested in time certificates of deposit in state depositories
132 located in the municipality to the same extent as the depositories
133 are eligible for invested state funds.

134 When bonds or other obligations have been so purchased, the
135 same may be sold or surrendered for redemption at any time by
136 order or resolution of the governing authorities of the
137 municipality, and the mayor of the municipality, when authorized
138 by that order or resolution, shall have the power and authority to
139 execute all instruments and take such other action as may be
140 necessary to effectuate the sale or redemption of the bonds or
141 other obligations. When the bonds or other obligations are sold
142 or redeemed, the proceeds of the sale or redemption, including
143 accrued interest on the proceeds, shall be paid into the same fund
144 as that from which the investment was made and shall in all
145 respects be dealt with as are other monies in the fund.

146 Except as hereinafter provided, any interest derived from the
147 investments authorized in this section may, as an alternative, be
148 deposited into the general fund of the municipality. Any interest
149 derived from the investment of sums received under the terms of
150 the federal State and Local Fiscal Assistance Act of 1972 and any
151 later revisions or reenactments of that act shall be paid into the
152 same fund as that from which the investment was made. Any
153 interest derived from the investment of school bond funds shall be
154 handled as provided in Section 37-59-43. Any interest derived
155 from investment of other bond proceeds or from investment of any
156 bond and interest fund, bond reserve fund or bond redemption
157 sinking fund shall be deposited either in the same fund from which
158 the investment was made or in the bond and interest fund
159 established for payment of the principal or interest on the bonds.
160 Any interest derived from special purpose funds that are outside

161 the function of general municipal government shall be paid into
162 that special purpose fund.

163 The authority granted by this section shall be cumulative and
164 in addition to any other law relating to the investment of funds
165 by municipalities.

166 **SECTION 3.** Section 37-59-43, Mississippi Code of 1972, is
167 amended as follows:

168 37-59-43. (1) Whenever any school district or levying
169 authority, as defined in Section 37-57-1(1)(b), acting on behalf
170 of a school district, has on hand any bond and interest funds, any
171 funds derived from the sale of bonds, or any other funds in excess
172 of the sums that will be required for payment of current
173 obligations and expenses as they come due, and that are not needed
174 or cannot by law be used for the payment of the current
175 obligations or expenses of the school district, the school board
176 of the district shall have the power and authority to invest the
177 excess funds in:

178 (a) Any bonds or other direct obligations of the United
179 States of America or the State of Mississippi, or of any county or
180 municipality of this state, which * * * county or municipal bonds
181 have been approved by a reputable bond attorney or have been
182 validated by a decree of the chancery court;

183 (b) Any bonds issued by the Federal Home Loan Bank
184 System, the Federal National Mortgage Association, the Federal
185 Home Loan Mortgage Corporation or the Federal Farm Credit Bank
186 that are of the highest-rated credit quality;

187 (c) Interest-bearing time certificates of deposit or
188 interest-bearing accounts with any financial institution approved
189 for the deposit of state funds, and the institution shall be
190 eligible to hold school district funds to the extent that it is
191 qualified as a depository for state funds; or * * *

192 (d) Any type of investment permitted by Sections
193 27-105-33(d) and 27-105-33(e).

194 The rate of interest on the time certificates of deposit and
195 interest-bearing accounts may be negotiated. The negotiated rate
196 of interest shall be at the highest rate possible at the date of
197 purchase or investment for the time certificates of deposit or
198 interest-bearing accounts. In any event, the bonds or obligations
199 in which the funds are invested shall mature or be redeemable
200 before the time the funds so invested will be needed for
201 expenditure.

202 When bonds or other obligations have been so purchased, the
203 same may be sold or surrendered for redemption at any time, except
204 certificates of deposit that must mature, by order or resolution
205 of the school board, and the president of the school board, when
206 authorized by that order or resolution, shall have the power and
207 authority to execute all instruments and take such other action as
208 may be necessary to effectuate the sale or redemption of the bonds
209 or other obligations. In addition to the foregoing, any school
210 board may invest any of the funds in the same manner as provided
211 for the investment of sixteenth section principal funds under
212 Section 29-3-113.

213 (2) The provisions of subsection (1) of this section shall
214 also apply to funds of community and junior college districts, and
215 the governing authorities of those districts are vested with all
216 power and authority with respect to those funds and matters * * *
217 mentioned in this section as are vested in the other boards
218 mentioned above with respect to those matters.

219 (3) All earnings from funds other than bond funds or bond
220 sinking funds in excess of One Hundred Dollars (\$100.00) in any
221 fiscal year that are invested according to the provisions of
222 subsections (1) and (2) of this section shall be deposited in the
223 district fund from which the investment was made, or the treasury
224 of the community or junior college, as the case may be. Earnings
225 from the school district funds that are less than One Hundred
226 Dollars (\$100.00) in any fiscal year may be deposited in the

227 school district maintenance fund, or in the district fund from
228 which the investment was made, in the discretion of the school
229 board. Earnings from funds invested out of bond funds or bond
230 sinking funds, together with the principal thereof, shall be
231 deposited in the fund from which the investment was made.

232 (4) Nothing contained in this section shall be construed to
233 prevent the payment of a portion of the earnings derived from the
234 investment of bond proceeds or any other amounts in the bond fund
235 or related reserve or sinking funds to the federal government to
236 the extent required by the federal laws applicable to the bonds or
237 the interest income on the bonds in order to maintain their tax
238 exempt status.

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