By: Senator(s) Robertson

To: Finance

SENATE BILL NO. 2508

AN ACT TO AMEND SECTION 57-1-303, MISSISSIPPI CODE OF 1972, TO EXTEND UNTIL JULY 1, 2010, THE DATE OF REPEAL ON THE PROVISION THAT AUTHORIZES THE MISSISSIPPI DEVELOPMENT AUTHORITY TO UTILIZE CERTAIN MONEY IN THE LOCAL GOVERNMENTS CAPITAL IMPROVEMENTS REVOLVING LOAN FUND FOR ORDINARY AND NECESSARY GENERAL SUPPORT OF THE AUTHORITY; AND FOR RELATED PURPOSES.

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

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

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

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

However, such monies may not be used for the purpose of providing salary increases for Mississippi Development Authority employees. The Mississippi Development Authority may escalate its budget and expend such monies in accordance with rules and regulations of the Department of Finance and Administration in a manner consistent with the escalation of federal funds. This subparagraph (ii) shall be repealed from and after July 1, 2010.

(b) The Local Governments Capital Improvements Revolving Loan Fund shall be divided into the Taxable Local Governments Capital Improvements Revolving Loan Subaccount and the Nontaxable Local Governments Capital Improvements Revolving Loan Subaccount. Funds allocated to the Nontaxable Local Governments Capital Improvements Revolving Loan Subaccount shall be utilized to provide loans for capital improvements that would qualify for the issuance of bonds whose interest is exempt from income taxation under the provisions of the Internal Revenue Code. Funds allocated to the Taxable Local Governments Capital Improvements Revolving Loan Subaccount shall be utilized to provide loans for any eligible capital improvements, including, but not limited to, capital improvements that would qualify for the issuance of bonds whose interest is exempt from income taxation under the provisions of the Internal Revenue Code.

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

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

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

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

(ii) The rate of interest on loans made after April 9, 2002, from the Local Governments Capital Improvements Revolving Loan Fund for capital improvements that would qualify for the issuance of bonds whose interest is exempt from income taxation under the provisions of the Internal Revenue Code shall be at the rate of two percent (2%) per annum, calculated according to the actuarial method. The rate of interest on loans made after April 9, 2002, for all other capital improvements shall be at the rate of three percent (3%) per annum, calculated according to the actuarial method.

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

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

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

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

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

(7) There is created a special fund in the State Treasury to be designated as the "Local Governments Brownfields Redevelopment Grant Fund." The fund shall consist of those monies as provided in Section 57-1-307. The fund shall be maintained in perpetuity for the purposes established in this section. Unexpended amounts remaining in the fund at the end of the fiscal year shall not lapse into the State General Fund, and any interest earned on amounts in the fund shall be deposited to the credit of the fund. Monies in the fund may not be used or expended for any purpose except as authorized in this section.

(8) (a) The Mississippi Development Authority shall establish a local governments brownfields redevelopment grant program to provide funds to counties and incorporated municipalities for coordination of activities related to brownfields redevelopment. Activities eligible for funding under this program include identification of brownfield sites, site assessments that have been conducted in accordance with Sections 49-35-1 through 49-35-25, and development of remedial action plans that have been conducted in accordance with Sections 49-35-1 through 49-35-25. The implementation of remedial action plans or site remediation and post-remediation monitoring shall not be considered eligible activities. The authority shall provide grants to counties or incorporated municipalities, if the county or incorporated municipality demonstrates and the authority determines that following remediation the site will be directly associated with the creation or retention of jobs.

(b) Grants shall be awarded on a competitive basis, subject to the availability of funding. Grants shall be limited to a maximum of One Hundred Thousand Dollars ($100,000.00).

(c) Grant amounts shall not exceed seventy-five percent (75%) of the total project amount. The remaining twenty-five percent (25%) shall be provided by the county or incorporated municipality as local matching funds.

(9) The Mississippi Development Authority may, on a case-by-case basis, renegotiate the payment of principal and interest on loans made under Sections 57-1-301 through 57-1-335 to the six (6) most southern counties of the state covered by the Presidential Declaration of Major Disaster for the State of Mississippi (FEMA-1604-DR) dated August 29, 2005, and to political subdivisions located in such counties; however, the interest on the loans shall not be forgiven for a period of more than twenty-four (24) months and the maturity of the loans shall not be extended for a period of more than forty-eight (48) months.

SECTION 2. This act shall take effect and be in force from and after July 1, 2007.