

By: Senator(s) Hill

To: Finance

SENATE BILL NO. 2976

1 AN ACT TO AUTHORIZE THE ISSUANCE OF STATE GENERAL OBLIGATION  
2 BONDS TO PROVIDE FUNDS, THROUGH THE REGULATORY SANDBOX INCENTIVE  
3 FUND, TO OFFSET FEDERAL AND STATE REGULATORY BURDENS IMPOSED ON  
4 ELIGIBLE APPLICANTS; AND FOR RELATED PURPOSES.

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

6 **SECTION 1.** This act shall be known and may be cited as the  
7 "Regulatory Sandbox Incentive Fund."

8 **SECTION 2.** (1) As used in this act, the following words  
9 shall have the meanings ascribed herein unless the context clearly  
10 requires otherwise:

11 (a) "Accreted value" of any bond means, as of any date  
12 of computation, an amount equal to the sum of (i) the stated  
13 initial value of such bond, plus (ii) the interest accrued thereon  
14 from the issue date to the date of computation at the rate,  
15 compounded semiannually, that is necessary to produce the  
16 approximate yield to maturity shown for bonds of the same  
17 maturity.

18 (b) "State" means the State of Mississippi.

19 (c) "Commission" means the State Bond Commission.



20 (d) "Authority" means the Mississippi Development  
21 Authority.

22 (e) "Applicant" means an entity whose application to  
23 participate in the Regulatory Sandbox Pilot Program is approved in  
24 accordance with the provisions of this chapter.

25 (2) (a) (i) A special fund, to be designated the "2021  
26 Regulatory Sandbox Incentive Fund," is created within the State  
27 Treasury. The fund shall be maintained by the State Treasurer as  
28 a separate and special fund, separate and apart from the General  
29 Fund of the state. Unexpended amounts remaining in the fund at  
30 the end of a fiscal year shall not lapse into the State General  
31 Fund, and any interest earned or investment earnings on amounts in  
32 the fund shall be deposited into such fund.

33 (ii) Monies deposited into the fund shall be  
34 disbursed, in the discretion of the authority, to offset federal  
35 and state regulatory burdens imposed on eligible applicants. Of  
36 the monies deposited into the fund, not more than Fifty Thousand  
37 Dollars (\$50,000.00) may be used to offset the regulatory burdens  
38 imposed on eligible applicants.

39 (b) Amounts deposited into such special fund shall be  
40 disbursed to pay the costs of the offsets described in paragraph  
41 (a) of this subsection. Promptly after the authority has  
42 certified, by resolution duly adopted, that the offsets described  
43 in paragraph (a) of this subsection have been completed, any  
44 amounts remaining in such special fund shall be applied to pay



45 debt service on the bonds issued under this section, in accordance  
46 with the proceedings authorizing the issuance of such bonds and as  
47 directed by the commission.

48 (3) (a) The commission, at one time, or from time to time,  
49 may declare by resolution the necessity for issuance of general  
50 obligation bonds of the State of Mississippi to provide funds for  
51 all costs incurred or to be incurred for the purposes described in  
52 subsection (2) of this section. Upon the adoption of a resolution  
53 by the authority declaring the necessity for the issuance of any  
54 part or all of the general obligation bonds authorized by this  
55 subsection, the authority shall deliver a certified copy of its  
56 resolution or resolutions to the commission. Upon receipt of such  
57 resolution, the commission, in its discretion, may act as the  
58 issuing agent, prescribe the form of the bonds, determine the  
59 appropriate method for sale of the bonds, advertise for and accept  
60 bids or negotiate the sale of the bonds, issue and sell the bonds  
61 so authorized to be sold, and do any and all other things  
62 necessary and advisable in connection with the issuance and sale  
63 of such bonds. The total amount of bonds issued under this  
64 section shall not exceed One Million Dollars (\$1,000,000.00). No  
65 bonds shall be issued under this section after July 1, 2025.

66 (b) Any investment earnings on amounts deposited into  
67 the special fund created in subsection (2) of this section shall  
68 be used to pay debt service on bonds issued under this section, in



69 accordance with the proceedings authorizing issuance of such  
70 bonds.

71 (4) The principal of and interest on the bonds authorized  
72 under this section shall be payable in the manner provided in this  
73 subsection. Such bonds shall bear such date or dates, be in such  
74 denomination or denominations, bear interest at such rate or rates  
75 (not to exceed the limits set forth in Section 75-17-101,  
76 Mississippi Code of 1972), be payable at such place or places  
77 within or without the State of Mississippi, shall mature  
78 absolutely at such time or times not to exceed twenty-five (25)  
79 years from date of issue, be redeemable before maturity at such  
80 time or times and upon such terms, with or without premium, shall  
81 bear such registration privileges, and shall be substantially in  
82 such form, all as shall be determined by resolution of the  
83 commission.

84 (5) The bonds authorized by this section shall be signed by  
85 the chairman of the commission, or by his facsimile signature, and  
86 the official seal of the commission shall be affixed thereto,  
87 attested by the secretary of the commission. The interest  
88 coupons, if any, to be attached to such bonds may be executed by  
89 the facsimile signatures of such officers. Whenever any such  
90 bonds have been signed by the officials designated to sign the  
91 bonds who were in office at the time of such signing, but who may  
92 have ceased to be such officers before the sale and delivery of  
93 such bonds, or who may not have been in office on the date such



94 bonds may bear, the signatures of such officers upon such bonds  
95 and coupons shall nevertheless be valid and sufficient for all  
96 purposes and have the same effect as if the person so officially  
97 signing such bonds had remained in office until their delivery to  
98 the purchaser, or had been in office on the date such bonds may  
99 bear. However, notwithstanding anything herein to the contrary,  
100 such bonds may be issued as provided in the Registered Bond Act of  
101 the State of Mississippi.

102 (6) All bonds and interest coupons issued under the  
103 provisions of this section have all the qualities and incidents of  
104 negotiable instruments under the provisions of the Uniform  
105 Commercial Code, and in exercising the powers granted by this  
106 section, the commission shall not be required to and need not  
107 comply with the provisions of the Uniform Commercial Code.

108 (7) The commission shall act as issuing agent for the bonds  
109 authorized under this section, prescribe the form of the bonds,  
110 determine the appropriate method for sale of the bonds, advertise  
111 for and accept bids or negotiate the sale of the bonds, issue and  
112 sell the bonds so authorized to be sold, pay all fees and costs  
113 incurred in such issuance and sale, and do any and all other  
114 things necessary and advisable in connection with the issuance and  
115 sale of such bonds. The commission is authorized and empowered to  
116 pay the costs that are incident to the sale, issuance and delivery  
117 of the bonds authorized under this section from the proceeds  
118 derived from the sale of such bonds. The commission may sell such



119 bonds on sealed bids at public sale or may negotiate the sale of  
120 the bonds for such price as it may determine to be for the best  
121 interest of the State of Mississippi. All interest accruing on  
122 such bonds so issued shall be payable semiannually or annually.

123 If such bonds are sold by sealed bids at public sale, notice  
124 of the sale shall be published at least one time, not less than  
125 ten (10) days before the date of sale, and shall be so published  
126 in one or more newspapers published or having a general  
127 circulation in the City of Jackson, Mississippi, selected by the  
128 commission.

129 The commission, when issuing any bonds under the authority of  
130 this section, may provide that bonds, at the option of the State  
131 of Mississippi, may be called in for payment and redemption at the  
132 call price named therein and accrued interest on such date or  
133 dates named therein.

134 (8) The bonds issued under the provisions of this section  
135 are general obligations of the State of Mississippi, and for the  
136 payment thereof the full faith and credit of the State of  
137 Mississippi is irrevocably pledged. If the funds appropriated by  
138 the Legislature are insufficient to pay the principal of and the  
139 interest on such bonds as they become due, then the deficiency  
140 shall be paid by the State Treasurer from any funds in the State  
141 Treasury not otherwise appropriated. All such bonds shall contain  
142 recitals on their faces substantially covering the provisions of  
143 this subsection.



144           (9) Upon the issuance and sale of bonds under the provisions  
145 of this section, the commission shall transfer the proceeds of any  
146 such sale or sales to the special fund created in subsection (2)  
147 of this section. The proceeds of such bonds shall be disbursed  
148 solely upon the order of the authority under such restrictions, if  
149 any, as may be contained in the resolution providing for the  
150 issuance of the bonds.

151           (10) The bonds authorized under this section may be issued  
152 without any other proceedings or the happening of any other  
153 conditions or things other than those proceedings, conditions and  
154 things which are specified or required by this section. Any  
155 resolution providing for the issuance of bonds under the  
156 provisions of this section shall become effective immediately upon  
157 its adoption by the commission, and any such resolution may be  
158 adopted at any regular or special meeting of the commission by a  
159 majority of its members.

160           (11) The bonds authorized under the authority of this  
161 section may be validated in the Chancery Court of the First  
162 Judicial District of Hinds County, Mississippi, in the manner and  
163 with the force and effect provided by Title 31, Chapter 13,  
164 Mississippi Code of 1972, for the validation of county, municipal,  
165 school district and other bonds. The notice to taxpayers required  
166 by such statutes shall be published in a newspaper published or  
167 having a general circulation in the City of Jackson, Mississippi.



168           (12) Any holder of bonds issued under the provisions of this  
169 section or of any of the interest coupons pertaining thereto may,  
170 either at law or in equity, by suit, action, mandamus or other  
171 proceeding, protect and enforce any and all rights granted under  
172 this section, or under such resolution, and may enforce and compel  
173 performance of all duties required by this section to be  
174 performed, in order to provide for the payment of bonds and  
175 interest thereon.

176           (13) All bonds issued under the provisions of this section  
177 shall be legal investments for trustees and other fiduciaries, and  
178 for savings banks, trust companies and insurance companies  
179 organized under the laws of the State of Mississippi, and such  
180 bonds shall be legal securities which may be deposited with and  
181 shall be received by all public officers and bodies of this state  
182 and all municipalities and political subdivisions for the purpose  
183 of securing the deposit of public funds.

184           (14) Bonds issued under the provisions of this section and  
185 income therefrom shall be exempt from all taxation in the State of  
186 Mississippi.

187           (15) The proceeds of the bonds issued under this section  
188 shall be used solely for the purposes herein provided, including  
189 the costs incident to the issuance and sale of such bonds.

190           (16) The State Treasurer is authorized, without further  
191 process of law, to certify to the Department of Finance and  
192 Administration the necessity for warrants. The Department of





193 Finance and Administration is authorized and directed to issue  
194 such warrants, in such amounts as may be necessary to pay when due  
195 the principal of, premium, if any, and interest on, or the  
196 accreted value of, all bonds issued under this section. The State  
197 Treasurer shall forward the necessary amount to the designated  
198 place or places of payment of such bonds in ample time to  
199 discharge such bonds, or the interest thereon, on the due dates  
200 thereof.

201 (17) This section shall be deemed to be full and complete  
202 authority for the exercise of the powers herein granted, but this  
203 section shall not be deemed to repeal or to be in derogation of  
204 any existing law of this state.

205 **SECTION 3.** (1) Subject to authorization by the authority,  
206 upon submission to the Department of Revenue of the such written  
207 authorization and such other documentation as the Department of  
208 Revenue may require, any eligible applicant who incurs costs for  
209 federal and state regulatory burdens shall be allowed a credit, in  
210 an amount equal to fifty percent (50%) of the applicant's tax  
211 liability.

212 (2) The maximum amount of the credit provided for in this  
213 section that may be utilized in any one (1) taxable year shall not  
214 exceed the lesser of Twenty Thousand Dollars (\$20,000.00) or the  
215 amount of tax imposed upon the eligible applicant for the taxable  
216 year reduced by the sum of all other credits allowable to the  
217 eligible applicant, except credit for tax payments made by or on



218 behalf of the eligible applicant. Any unused portion of the  
219 credit may be carried forward for five (5) succeeding tax years.

220 (3) (a) The tax credit authorized in this section shall be  
221 available only to a taxpayer that is a business enterprise engaged  
222 in commercial, industrial or professional activities and operating  
223 as a corporation, limited liability company, partnership or sole  
224 proprietorship. Except as otherwise provided in this section, a  
225 credit is allowed against the taxes imposed by Sections 27-7-5,  
226 27-15-103, 27-15-109 and 27-15-123, Mississippi Code of 1972.

227 (b) Tax credits authorized by this section that are  
228 earned by a partnership, limited liability company, S corporation  
229 or other similar pass-through entity, shall be allocated among all  
230 partners, members or shareholders, respectively, either in  
231 proportion to their ownership interest in such entity or as the  
232 partners, members or shareholders mutually agree as provided in an  
233 executed document.

234 (4) To be eligible for the tax credit, an applicant must be  
235 selected by the authority for participation in the Regulatory  
236 Sandbox Pilot Program. In determining eligibility, the authority  
237 shall consider:

238 (a) The compliance costs, as calculated in monetary  
239 terms, of the overall regulatory burden imposed on the applicant  
240 and defined as any statement or instrument of general application,  
241 having the force of law, affecting the rights or conduct of any  
242 person or business. Such regulations and rules include



243 administrative rules adopted in accordance with the Administrative  
244 Procedures Act and any guidance document that includes a  
245 regulatory requirement;

246 (b) Whether the regulatory burden is essential to the  
247 health, safety or welfare of Mississippi citizens;

248 (c) Whether the regulatory burden is the least  
249 restrictive necessary to protect consumers from present,  
250 significant and substantiated harms that threaten public health  
251 and safety; and

252 (d) The capacity of the applicant to temporarily test  
253 an innovative product or service on a limited basis without  
254 otherwise being licensed or authorized to act under the laws of  
255 the state or made to comply with any other regulatory burdens.

256 **SECTION 4.** The authority shall use no more than twenty-five  
257 percent (25%) of the funds in the Regulatory Sandbox Incentive  
258 Fund for the purposes of:

259 (a) Reviewing state laws and regulations that may  
260 unnecessarily inhibit the creation and success of new companies or  
261 industries and providing recommendations to the Governor and the  
262 Legislature on modifying such state laws and regulations;

263 (b) Creating a framework for analyzing the risk level  
264 to the health, safety and financial well-being of consumers  
265 related to permanently removing or temporarily waiving laws and  
266 regulations that may unnecessarily inhibit the creation and  
267 success of new companies or industries; and



268 (c) Providing tax incentives and regulatory offset  
269 payments to applicants that would qualify for participation in the  
270 Regulatory Sandbox Pilot Program.

271 **SECTION 5.** This act shall take effect and be in force from  
272 and after July 1, 2021.

