

## **GENERAL DEBT STATUTES (Current through 2011)**

### ***Bond Statutes***

#### **§ 37-59-1. "Bonds" defined**

The word "bonds" as used in this article shall be deemed to mean and include bonds, notes, or certificates of indebtedness.

#### **§ 37-59-3. Purposes for which bonds may be issued**

The school board of any school district is authorized to issue negotiable bonds of such school district to raise money for the following purposes:

- (a) Purchasing, erecting, repairing, equipping, remodeling and enlarging school buildings and related facilities, including gymnasiums, auditoriums, lunch rooms, vocational training buildings, libraries, teachers' homes, school barns, transportation vehicles and garages for transportation vehicles, and purchasing land therefor.
- (b) Establishing and equipping school athletic fields and necessary facilities connected therewith, and purchasing land therefor.
- (c) Providing necessary water, light, heating, air conditioning and sewerage facilities for school buildings, and purchasing land therefor.
- (d) Paying part of the costs to be incurred in erecting, repairing, equipping, remodeling and enlarging school buildings and related facilities which are owned and operated by state-supported institutions of higher education as a demonstration or practice school attended by pupils, grades, or one or more, or parts of grades from the educable children of such school district pursuant to a contract or agreement between said institution and said school district.

The authority to issue the bonds hereinabove set forth shall include the authority for the school board of such school district to spend the money for the purposes for which said money is raised.

#### **§ 37-59-5. General limitation of indebtedness**

No school district shall, except as provided in Section 37-59-7, hereafter issue bonds for the purposes authorized by law in an amount which, added to all of its then outstanding bonded indebtedness, shall result in the imposition on any of the property in such district of an indebtedness for school purposes of more than fifteen per cent of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, regardless of whether any of such indebtedness shall have been incurred by such district or by another school district or districts.

**§ 37-59-7. Issuance of bonds in amount exceeding limitation of Section 37-59-5**

(1) (a) Any school district in which the total number of pupils enrolled at any one time during the school year shall have increased by at least twenty percent (20%) or an average of three hundred fifty (350) or more annually within the preceding five (5) years, shall not issue bonds for the purposes authorized by law in an amount which when added to all of its then outstanding bonded indebtedness, shall result in the imposition on any of the property in such district of an indebtedness for school purposes of more than twenty-five percent (25%) of the assessed value of the taxable property within such district according to the then last completed assessment for taxation.

(b) Any school district in which the total number of pupils enrolled at any one time during the school year shall have increased by at least ten percent (10%) within the preceding five (5) years shall not issue bonds for the purposes authorized by law in an amount which, when added to all of its then outstanding bonded indebtedness, shall result in the imposition on any of the property in such district of an indebtedness for school purposes of more than twenty percent (20%) of the assessed value of the taxable property within such district according to the then last completed assessment for taxation.

(c) The pupil increase mentioned in this subsection shall apply only to growth in pupil enrollment and shall not apply to pupil increases brought about by consolidation of school districts.

(2) Any school district may hereafter issue bonds in an amount exceeding the limit of Section 37-59-5 for the purpose of constructing, reconstructing, repairing, equipping, remodeling or enlarging school buildings and related facilities, as described in subsection (a) of Section 37-59-3, but no such district shall issue bonds in an amount which when added to all of its then outstanding bonded indebtedness, shall result in the imposition on any of the property in such district of an indebtedness for such school purposes of more than twenty percent (20%) of the assessed value of the taxable property in such district, according to the then last completed assessment for taxation, regardless of whether any of such indebtedness shall have been incurred by such district or by another school district or districts:

(a) In the event of the damage to or destruction of any school building or school buildings, or related facilities of any such district by fire, windstorm, flood or other providential and unforeseeable cause; or (b) In the event such school district has lost its accreditation and the constructing, reconstructing, repairing, equipping, remodeling or enlarging of such school buildings and related facilities is necessary for the restoration of such accreditation.

(3) In any school district wherein more than nine percent (9%) of the total land area of the school district is owned by the federal government and situated in a flood control reservoir or maintained as a part of the national forest system, the said school district may issue bonds in an amount, which when added to all of its then outstanding bonded indebtedness for school purposes, shall result in the imposition on any of the property in such school district of an indebtedness for school purposes of not more than twenty percent (20%) of the assessed value of the taxable property within such district, according to the then last completed assessment for

taxation, regardless of whether any of such indebtedness shall have been incurred by such district or by another school district or districts. If bonds in an amount in excess of fifteen percent (15%) of the total assessed value of the property of a school district are issued under the provisions of this subsection, not less than twenty-five percent (25%) of the total funds received by the school district under the provisions of Section 49-19-23, Mississippi Code of 1972, shall be paid into the bond and interest sinking fund of such district and used for the retirement of the bonds so issued.

(4) In any district where the assessed valuation per pupil is less than seventy-five percent (75%) of the average of all school districts, such school district may issue bonds for the purposes authorized by Section 37-59-3 in an amount exceeding the fifteen percent (15%) debt limitation set forth in Section 37-59-5, but not exceeding an amount which, when added to all of the school district's then outstanding bonded indebtedness, shall result in the imposition on any of the property in such district of an indebtedness for such school purposes of more than twenty-five percent (25%) of the assessed value of the taxable property in such district, according to the then last completed assessment for taxation if:

(a) The board of trustees or board of education of the school district adopts a resolution finding that issuing bonds in an amount exceeding the limitation stated in Section 37-59-5 is necessary to provide or maintain adequate educational facilities within the school district; and

(b) The notice of the bond election required by Section 37-59-13 contains a provision notifying the qualified electors in the school district:

(i) Of the fact that the proposed bonds, if issued, will exceed the fifteen percent (15%) debt limit contained in Section 37-59-5; and

(ii) Of the reasons why the school district is proposing to exceed said limitation;

(c) The election is held and the proposed bond issue receives the requisite voter approval as set forth in Section 37-59-17.

§ 37-59-9. Bonds and notes excluded for purposes of computing limitations of indebtedness

No bonds or negotiable notes issued by any school district in order to comply with the provisions of Section 37-47-15, shall be included in computing the debt limits established in Sections 37-59-5, 37-59-7.

**§ 37-59-11. Adoption of bond issue resolution; requirement of election on issuance of bonds**

(1) Before any money shall be borrowed under the provisions of this chapter, the school board of the school district shall adopt a resolution declaring the necessity for borrowing such money, declaring its intention to borrow such money and to issue the negotiable bonds of the school district as evidence of same, specifying the approximate amount to be so borrowed, and how such indebtedness is to be evidenced. Such resolution shall also set forth the nature and approximate cost of the alterations, additions and repairs to be made, and shall declare in said resolution that no funds are available in the school funds of the district or from any other source with which to make such repairs, alterations, additions, purchases, erections or improvements.

(2) Whenever a resolution is adopted by the school board as provided in subsection (1), or a petition signed by not less than ten percent (10%) of the qualified electors of a school district, fixing the maximum amount of such school bonds and the purpose or purposes for which they are to be issued, the school board shall adopt a resolution calling an election to be held within such school district for the purpose of submitting to the qualified electors thereof the question of the issuance of bonds in the amount and for the purpose or purposes as set forth in such resolution or petition. The resolution calling such election shall designate the date upon which the election shall be held and the place or places within such district at which such election shall be held, which place or places may or may not be the school house or school houses in such district.

(3) Provided, however, anything herein to the contrary notwithstanding, no election shall be required for approval of bonds issued after July 1, 1987, and prior to July 1, 1988, or within one (1) year after the final favorable termination of any litigation affecting the issuance of such bonds, and as to which the resolution of necessity and intent to issue by the school board of the school district is passed and publication thereof commenced on or before June 30, 1987, unless a petition calling for such election is filed meeting the requirements and within the time provided by this Section 37-59-11 as in effect between April 15, 1986, and June 30, 1987.

#### **§ 37-59-13. Notice of election**

Where an election has been called, as provided in Section 37-59-11, notice of such election shall be signed by the president of the school board and shall be published once a week for at least three (3) consecutive weeks, in at least one (1) newspaper published in such school district. The first publication of such notice shall be made not less than twenty-one (21) days prior to the date fixed for such election, and the last publication shall be made not more than seven (7) days prior to such date. If no newspaper is published in such school district, then such notice shall be given by publishing the same for the required time in some newspaper having a general circulation in such school district.

#### **§ 37-59-15. Conduct of election**

Such election shall be held upon order of the school board, as far as is practicable, in the same manner as other elections are held in such county or municipality. At such election, all qualified electors of such school district may vote. The ballots used at such election shall have printed thereon a brief statement of the amount and the purpose of the proposed bond issue, and the words "FOR THE BOND ISSUE," and "AGAINST THE BOND ISSUE." The voter shall vote by placing a cross (X) or check mark ([checkmark]) opposite his choice on the proposition.

#### **§ 37-59-17. Determination of results of election; time period for issuance of bonds**

When the results of the election on the question of the issuance of such bonds shall have been canvassed by the election commissioners of such county or municipality, and certified by them to the school board of the school district, it shall be the duty of such school board to determine and adjudicate whether or not three-fifths (3/5) of the qualified electors who voted in such election voted in favor of the issuance of such bonds. Unless three-fifths (3/5) of the qualified electors who voted in such election shall have voted in favor of the issuance of such bonds, then

such bonds shall not be issued. Should three-fifths (3/5) of the qualified electors who vote in such election vote in favor of the issuance of such bonds, then the school board of such school district shall issue such bonds, either in whole or in part, within two (2) years from the date of such election, or within two (2) years after the final favorable termination of any litigation affecting the issuance of such bonds, as such school board shall deem best.

**§ 37-59-23. Levy of special tax to pay principal and interest on bonds**

The levying authority, as defined in Section 37-57-1(1)(b), acting for and on behalf of any school district, shall annually levy a special tax upon all of the taxable property within such school district, which shall be sufficient to provide for the payment of the principal of and the interest on school bonds issued under the provisions of this article according to the terms thereof.

In the case of school bonds issued under the provisions of Section 37-59-21, it shall be the duty of the board of supervisors of the county having the greater assessed valuation of taxable property within such district to annually levy upon all of the taxable property within such district, without regard to county lines, a special tax, which shall be sufficient to provide for the payment of the principal of and interest on such bonds according to the terms thereof. Such board shall annually certify to the board of supervisors of the other county or counties in which a portion of the district is situated the rate of taxation so fixed, and it shall be the duty of such other board or boards to cause such rate of taxation to be levied upon all of the taxable property within the boundaries of such district situated within their respective counties. Said taxes shall be collected and deposited as other taxes are collected and deposited in such county or counties, and the tax collector thereof shall thereupon cause such taxes to be remitted to the county depository of the county for which the bonds were issued.

**§ 37-59-29. Disposition of proceeds of bonds; liability for diversion of funds**

The proceeds of any bonds issued by a school district shall be placed in the county or municipal treasury or depository, as the case may be, if there be one, as a special fund, and shall be used for no other purpose than that for which such bonds were authorized to be issued. If the school board of the school district or any member thereof, or any other officer, shall willfully divert or aid or assist in diverting any such fund, or any part thereof, to any purpose other than that for which such bonds were authorized to be issued, then such person shall be guilty of a felony and, upon conviction, shall be punished by imprisonment in the state penitentiary for a term not exceeding five (5) years. In addition, he shall be liable personally and on his official bond for the amount so diverted. Any member of such school board may escape the penalty provided for above by requesting and having his vote recorded in the negative on any illegal diversion of the proceeds of such bonds. Nothing contained in this section shall be construed to prevent the payment or rebate of a portion of the earnings derived from the investment of the bond proceeds to the federal government to the extent required by the federal laws applicable to such bonds or the interest income thereon in order to maintain their tax exempt status.

**§ 37-59-101. Purposes for which money may be borrowed**

The school board of any school district in the county is authorized and empowered, in its discretion, to borrow money under the terms and conditions specified in this article for the purpose of making repairs, alterations and additions to school buildings of such school districts, for the purpose of erecting school buildings and other buildings used for school purposes, for the purpose of purchasing heating plants, air conditioning, fixtures and equipment for such buildings, for the purpose of purchasing land for school purposes, school buses and transportation equipment, and for the purpose of improving and equipping such lands for school recreational and athletic purposes.

**§ 37-59-103. Adoption of resolution of necessity by board of trustees of school district**

Before any money shall be borrowed under the provisions of this article, the school board of the school district shall adopt a resolution declaring the necessity for and its intention of borrowing such money, specifying the amount to be so borrowed, the date or dates of the maturity thereof, and how such indebtedness is to be evidenced. Such resolution shall also set forth the nature and approximate cost of the alterations, additions, and repairs to be made, or of the erections contemplated, or of the heating plant, fixtures and equipment necessary to be purchased, or of the land to be purchased, improved or equipped, or of the school buses and transportation equipment to be purchased, as the case may be, and shall declare in said resolution that no funds are available in the school funds of the district or from any other source with which to make such repairs, alterations, additions, purchases, erections or improvements.

**§ 37-59-105. Declaration of intention by local authorities; election; issuance of indebtedness**

The said resolution adopted by the school board pursuant to Section 37-59-103 shall be published once each week for two (2) consecutive weeks in a newspaper having a general circulation in the school district involved, with the first publication thereof to be made not less than fifteen (15) days prior to the date upon which the school board is to take final action upon the question of authorizing the borrowing of said money. If no petition requesting an election is filed prior to such meeting, then the school board shall, at said meeting, by resolution spread upon its minutes, give final approval to the borrowing of said money and shall authorize the issuance of negotiable notes or certificates of indebtedness of the school district therefor in accordance with the provisions of this article.

If at any time prior to said meeting a petition signed by not less than twenty percent (20%) of the qualified electors of the school district involved shall be filed with the school board requesting that an election be called on the question of incurring said indebtedness, then the school board shall, not later than the next regular meeting, adopt a resolution calling an election to be held within such school district upon the question of the incurring of said indebtedness for the purposes and in the amount requested. Such election shall be called and held, and notice thereof shall be given, in the same manner provided in Article 1 of this chapter for elections upon the question of the issuance of the bonds of school districts, and the results thereof shall be certified to the school board. If three-fifths (3/5) of the qualified electors voting in said election shall vote in favor of incurring said indebtedness, then the school board shall proceed to issue said negotiable notes or certificates of indebtedness as prayed for in the original resolution of the

school board; however, if less than three-fifths (3/5) of the qualified electors voting in said election vote in favor of incurring said indebtedness, then said notes or certificates of indebtedness shall not be issued.

Money may be borrowed under the provisions of this article and the negotiable notes or certificates of indebtedness evidencing same may be issued as provided in this article (1) without the necessity of being authorized in an election called for that purpose, except where a petition requesting an election is filed as provided herein and (2) without the necessity of giving notice thereof except as specifically provided herein, and specifically without the necessity of complying with the requirements of Section 31-19-25.

**§ 37-59-107. Annual levy of special tax**

The levying authority for the school district shall annually levy a special tax on all of the taxable property of the school district on whose behalf the notes or certificates of indebtedness are issued in an amount which shall be sufficient to pay the principal of and interest upon such negotiable notes or certificates of indebtedness as the same shall respectively mature and accrue. Said tax shall be levied and collected at the same time and in the same manner as other taxes are collected and said tax shall be in addition to all other taxes authorized by law. It is expressly provided, however, that such annual tax levy shall not exceed three (3) mills on the dollar for the payment of all notes issued under the provisions of this article and all notes previously issued under the statutes hereby repealed. The special tax so levied shall be collected by the tax collector of the county at the same time and in the same manner as other taxes are collected, and the proceeds thereof shall be paid to the school district and shall be used exclusively for the payment of principal of and interest upon such negotiable notes or certificates of indebtedness.

**§ 37-59-109. Procedure for issuance of bonds where district lies in two or more counties; levy of special tax**

If the school district on whose behalf money is to be borrowed under the provisions of this article shall lie in two (2) or more counties, said school board shall take all steps required by this article in the issuance of the negotiable notes or certificates of indebtedness of the district without regard to county lines. The negotiable notes or certificates of indebtedness shall be general obligations of the entire school district without regard to county lines and shall constitute a lien upon all of the taxable property thereof.

The board of supervisors of the county which furnishes the largest assessed valuation of the property in the district shall annually certify to the board of supervisors of each county in which the district is located the amount of the annual tax levy required for the payment of the principal of and interest upon said notes or certificates of indebtedness, and each such board of supervisors shall annually levy such tax at the same time and in the same manner as other taxes are levied by such board in the amount so fixed. The taxes so levied shall be collected by the tax collector of each county in the same manner as other taxes are collected and shall be remitted to the school district depository. Such school district depository shall deposit said funds to the credit of the special fund provided for in Section 37-59-107 for the payment of the principal of and interest upon such notes or certificates of indebtedness.

**§ 37-59-111. Execution of negotiable notes or certificates of indebtedness; interest; maturity**

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

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

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

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

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



**§ 37-59-113. Disposition of proceeds of notes or certificates; disposition of balance of proceeds**

The proceeds of any negotiable notes or certificates of indebtedness issued under the provisions of this article shall be placed in a special fund and shall be expended only for the purpose or purposes for which they were issued as shown by the resolution authorizing the issuance thereof. If a balance shall remain of the proceeds of such notes or certificates of indebtedness after the purpose or purposes for which same were issued shall be accomplished, such balance shall forthwith be transferred to the special fund set up for the payment thereof in Section 37-59-107.

**§ 37-59-115. Limitation of indebtedness**

The indebtedness incurred under the authority of this article shall not be included in computing the statutory limitation upon the indebtedness which may be incurred by school districts as provided in Article 1 of this chapter, or any other statute, but shall be in addition thereto. The only limitation upon the amount of indebtedness which may be incurred under the provisions of this article shall be that provided in Section 37-59-107.

***Emergency School Leasing Authority Statutes – (Sections 37-7-355 -37-7-359)***

**§ 37-7-355. Authority to transfer or permit use of property for school district purposes**

(1) Any school district by resolution of the school board is hereby empowered, without public or competitive bidding, to sell, lease, lend, grant or convey to a corporation, individual or partnership pursuant to Sections 37-7-351 through 37-7-359 or to permit such corporation, individual or partnership to use, maintain or operate as part of any public school facility, any real or personal property which may be necessary, useful or convenient for the purposes of the school district. Any such conveyances may include sale-leaseback or lease-leaseback arrangements, without the necessity of complying with the requirements of Article 9 of Chapter 7 of Title 37, Mississippi Code of 1972, or any other general laws which might be applicable thereto, with regard to disposal of surplus property. Any such sale, lease, loan, grant, conveyance or permit may be made or given with or without consideration and for a period of time not to exceed twenty (20) years for agreements entered into under any agreement and on any terms and conditions which may be approved by such school district. Provided, however, that any such sale, lease, loan, grant, conveyance or permit executed under authority of this section shall provide that title to any real property transferred by a local school district shall revert to the school district at the expiration of the term.

(2) The resolution adopted by the school board or governing authority shall be published once each week for three (3) consecutive weeks in a newspaper having a general circulation in the school district involved, with the first publication thereof to be made not less than thirty (30) days prior to the date upon which the school board or governing authority is to take final action upon the question of sale, lease, loan, grant or conveyance to an authority. If no petition requesting an election is filed prior to such meeting as hereinafter provided, then the school board or governing authority may, in its discretion, at said meeting, by resolution spread upon its minutes, give final approval to such sale, lease, loan, grant or conveyance. If at any time prior to

such meeting a petition signed by not less than twenty percent (20%) or fifteen hundred (1500), whichever is less, of the qualified electors of the school district involved shall be filed with the school board or governing authority requesting that an election be called on the question, then the school board or governing authority shall, not later than the next regular meeting, adopt a resolution calling an election to be held within such school district upon the question of authorizing such sale, lease, loan, grant or conveyance to an authority. Such election shall be called and held, and notice thereof shall be given, in the same manner as for elections upon the question of issuing bonds of school districts, and the results thereof shall be certified to the school board or governing authority. If at least three-fifths (3/5) of the qualified electors of the school district who voted in such election shall vote in favor of authorizing said action, then the school board or governing authority shall proceed to sell, lease, lend, grant or convey such property as prayed for in the original resolution of the school board or governing authority; however, unless at least three-fifths (3/5) of the qualified electors voting in an election vote in favor of such action, then no sale, lease, loan, grant or conveyance shall be made.

### **§ 37-7-357. Relationship of provisions with other laws**

Sections 37-7-351 through 37-7-359 are intended to be and shall be construed as being supplemental to all existing laws covering the acquisition, use and maintenance of school buildings by school districts. It is further provided that, as to school buildings constructed or leased pursuant to the provisions of Sections 37-7-351 through 37-7-359, it shall not be necessary to comply with the provisions of other laws concerning acquisition, use and maintenance of school buildings by school districts except as herein specifically required.

### **§ 37-7-359. Appropriations for lease rentals; tax levies**

Any school district which shall execute a lease rental contract under the provisions of Section 37-7-301(v) after June 30, 1987 or in connection with a sale-leaseback or lease-leaseback arrangement authorized under the provisions of Section 37-7-355 shall annually appropriate sufficient monies to pay the lease rentals stipulated to be paid by such school district in the lease contract and/or lease purchase agreement, which lease contract and/or lease-purchase agreement shall constitute a general obligation of the school district. Any lease contracts entered into under the authority granted by Section 37-7-301(v) or 37-7-351 through 37-7-359 shall not be considered bonded indebtedness for purposes of the limitations of indebtedness contained in Sections 37-59-5 and 37-59-7 and shall not be subject to such limitations. Any millage being initially levied on or before July 1, 1991, to fund leases under this section shall remain in force until such time as the lease term has expired and the school district has fulfilled all of its obligations thereafter.

### **§ 37-41-101. Purchase of Buses**

Advertising and receiving bids by state board of education for school buses and bus bodies; purchase of buses and bodies by counties and school districts; purchase of other school transportation equipment; sale of unneeded school transportation equipment

(1) The State Board of Education is hereby authorized, empowered and directed to advertise for and receive sealed bids and proposals for sale of school bus bodies and school buses sold as complete units to the school boards of school districts in this state. The State Board of Education shall approve persons, firms, corporations or associations authorized to sell school bus bodies and school buses sold as complete units, and shall establish prices relative thereto based upon the lowest and best bids, which school districts may not exceed in purchasing such equipment. In determining the lowest and best bids received for such equipment, there shall be included as part of the total cost thereof any transportation or freight charges which will be incurred. The State Board of Education may permit all such bidders to sell said equipment provided that the bidders agree to sell the equipment at prices established based upon the lowest and best bid and in compliance with rules and regulations relative thereto promulgated by the state board. Persons, firms, corporations or associations permitted to sell school bus bodies and school buses sold as complete units shall be limited to those actually submitting bids for consideration by the State Board of Education. The State Board of Education shall reserve the right to reject any and all bids submitted.

(2) School boards may purchase school bus bodies and school buses sold as complete units without additional advertisement for bids, provided that the prices for such equipment do not exceed the maximum allowable prices established under the provisions of subsection (1) of this section, and that said purchases are in compliance with the conditions specified therein. All such purchases shall be subject to the approval of the State Department of Education, which shall verify compliance with the applicable specifications, rules and regulations promulgated by the State Board of Education.

(3) In addition to the method of purchasing authorized under this section, school boards are hereby authorized to advertise for and accept the lowest and best bid received for the purchase of school bus chassis and/or pupil transportation service vehicles. Provided, however, that local school governing boards may purchase school bus chassis and/or pupil transportation service vehicles from any motor vehicle dealer domiciled within the county of such governing board, whose bid does not exceed a sum equal to three percent (3%) greater than the price or cost which the dealer pays the manufacturer, as evidenced by the factory invoice for such vehicles. In the event said county does not have an authorized motor vehicle dealer, said board may, in like manner, receive and accept bids from motor vehicle dealers in any adjoining county. No purchase of school bus chassis or service vehicles under the provisions of this subsection shall be valid unless the purchase is made according to statutory bidding and licensing requirements. All purchases under provisions of this subsection shall be subject to the approval of the State Department of Education, which shall verify compliance with the applicable specifications, rules and regulations promulgated by the State Board of Education.

(4) Upon application to and approval by the State Department of Education, school governing boards are hereby authorized to purchase used school buses and used pupil transportation service vehicles, provided that said vehicles meet applicable specifications and the purchase price does not exceed their fair market value. Said fair market value shall be determined by an appraisal by three (3) experienced and impartial citizens, the selection of whom shall be mutually agreed upon by the parties thereto. Said appraisers may be subject to approval by the State Department of Education. Maximum regard for pupil safety and adequate protection of health shall be

primary requirements which shall be observed by local school governing boards in purchasing used school buses. The State Department of Education may inspect or have inspected any used school bus prior to purchase to determine whether said bus meets requirements of law and regulations of the state board.

(5) In the event the school board shall have determined that school buses or pupil transportation service vehicles are no longer needed for the transportation of pupils in such school district, such equipment may be sold to another school district without the necessity of advertising for bids. The school district proposing to sell the buses or service vehicles and the school district proposing to purchase such equipment shall agree upon a fair and reasonable price therefor. The agreement shall be spread upon the minutes of the boards of the respective school districts and shall be subject to the prior approval of the State Department of Education, which shall verify compliance with applicable specifications, rules and regulations of the State Board of Education.  
Sixteenth Section Principal Funds

### **§ 29-3-113. Investment and lending of funds**

The principal fund shall be a permanent township fund which shall consist of funds heretofore or hereafter derived from certain uses or for certain resources of school trust lands which shall be invested and, except as otherwise provided in this section, only the interest and income derived from such funds shall be expendable by the school district.

The principal fund shall consist of:

- (a) Funds received for easements and rights-of-way pursuant to Section 29-3-91;
- (b) Funds received for sales of lieu land pursuant to Sections 29-3-15 through 29-3-25;
- (c) Funds received from any permanent damage to the school trust land;
- (d) Funds received from the sale of nonrenewable resources including, but not limited to, the sale of sand, gravel, dirt, clays and royalties received from the sale of mineral ores, coal, oil and gas;
- (e) Funds received from the sale of buildings pursuant to Section 29-3-77;
- (f) Funds received from the sale of timber; and
- (g) Funds received pursuant to Section 29-3-23(2).

It shall be the duty of the board of education to keep the principal fund invested in any direct obligation issued by or guaranteed in full as to principal and interest by the United States of America or in certificates of deposit issued by a qualified depository of the State of Mississippi as approved by the State Treasurer. The certificates of deposit may bear interest at any rate per annum which may be mutually agreed upon but in no case shall said rate be less than that paid on passbook savings.

The board of education is authorized to invest the funds in interest bearing deposits or other obligations of the types described in Section 27-105-33 or in any other type investment in which any other political subdivision of the State of Mississippi may invest, except that one hundred percent (100%) of the funds are authorized to be invested. For the purposes of investment, the principal fund of each township may be combined into one or more district accounts; however, the docket book of the county superintendent shall at all times reflect the proper source of such funds. Provided that funds received from the sale of timber shall be placed in a separate principal fund account, and may be expended for any of the purposes authorized by law.

The board of education shall have authority to borrow such funds at a rate of interest not less than four percent (4%) per annum and for a term not exceeding twenty (20) years, for the erection, equipment or repair of said district schools, to provide local funds for any building project approved by the State Board of Education or to provide additional funds for forest stand improvement as set forth in Section 29-3-47. In addition, the board may borrow the funds under the same interest restrictions for a term not exceeding ten (10) years to provide funds for the purchase of school buses. The board of education of any school district in any county that has an aggregate amount of assets in its principal fund in excess of Five Million Dollars (\$5,000,000.00), may deduct an amount not to exceed Five Hundred Thousand Dollars (\$500,000.00) for the purpose of covering the cost of asbestos removal from school district buildings. Such asbestos removal shall be construed to constitute the repair of school district facilities as prescribed in Section 29-3-115.

No school land trust funds may be expended after the annual payment date until the payment is made on such loan. The annual payment can be made from any funds available to the school district except minimum foundation program funds.

It shall be unlawful for the board of education to borrow any sixteenth section school funds in any other manner than that prescribed herein, and if any such funds shall be borrowed or invested in any other manner, any officer concerned in making such loan and investment or suffering the same to be made in violation of the provisions of this section, shall be liable personally and on his official bond for the safety of the funds so loaned.

### ***Tax Revenue Anticipation Loans***

#### **§ 37-59-37. Borrowing of money for current expenses in anticipation of school district taxes**

The school board of any school district shall have the power and authority to borrow money for the anticipated current year's expenses of such school district in anticipation of the collection of ad valorem taxes and other revenues of such school district for the then current fiscal year. The money so borrowed shall bear interest at a rate not greater than that allowed in Section 75-17-105 and shall be repaid within fourteen (14) months from the date of such borrowing out of the taxes and revenues in anticipation of which such money is borrowed. Such money shall be used for no other purpose than the payment of the current year's expenses of such school district. Pending the expenditure of funds borrowed under the provisions of this section, such funds may be invested in any manner in which any school district, municipality, county, state agency or other public body may invest surplus funds.

The amount borrowed under the provisions of this section shall in no event exceed the estimated amount of taxes and revenues collected or to be collected during the last preceding fiscal year, unless the tax levy for the current fiscal year has been made, then the amount borrowed under the provisions of this section shall in no event exceed the estimated amount of taxes and revenues collected or to be collected during the current fiscal year. Revenue anticipation notes issued under the provisions of this section shall be issued within the same fiscal year during which the tax levy is or will be made and other revenues received which it is anticipated will produce the funds from which the said notes will be repaid.

In borrowing money under the provisions of this section, it shall not be necessary to publish notice of intention so to do or to secure the consent of the qualified electors of such school district, either by election or otherwise. Such borrowing shall be authorized by order or resolution of the school board and may be evidenced by negotiable note or notes, signed and executed in such form as may be prescribed in such order or resolution. Such note or notes may be sold at a negotiated sale. Money may be borrowed in anticipation of ad valorem taxes and other revenues under the provisions of this section, regardless of whether or not such borrowing shall create an indebtedness in excess of statutory limitations.

Money may likewise be borrowed by any such school district, as herein provided, for the purpose of paying current interest maturities on any bonded indebtedness of such school district in anticipation of the collection of taxes for the retirement of such bonded indebtedness and the payment of any interest thereon.

### ***Tax Shortfall Notes***

#### **§ 37-57-108. Issuance of promissory notes by school districts in event of revenue shortfall**

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

#### **§ 27-39-333. Issuance of promissory notes in event of ad valorem tax shortfall**

- (1) For purposes of this section, the following terms shall have the meanings ascribed herein:
- (a) "Political subdivision" means any political subdivision which receives ad valorem tax revenue.
  - (b) "Levying authority" means any political subdivision having legal authority to levy ad valorem taxes for its operation or for the operation of another political subdivision.

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

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

(4) Any notes issued under this section prior to April 20, 1987, shall be repaid as provided in this section.

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