

# **Bond Case Briefs**

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## **Mississippi Tightens Bond Rules for Long-Term Debt.**

JACKSON — Don't take on long-term debt to cover day-to-day expenses. Don't use credit to buy stuff that will wear out before it's paid off.

It's advice many parents give their soon-to-be adult children. And, in a nutshell, it's what the Mississippi Bond Commission says in rules it recently adopted.

The rules were written partly in response to a \$308 million bond bill that legislators passed during the 2016 session.

"Nearly every year, the Mississippi Legislature passes a bond bill, authorizing debt on behalf of the state to fund projects over the long-term," state Treasurer Lynn Fitch said last week. "Typically, those bills include infrastructure projects for economic development, capital improvements for our universities and colleges, and upgrades to our health care system. This year's bill included over four dozen other projects that were far more local in their benefit and questionably appropriate for funding with the taxpayer credit card."

The new rules prohibit Mississippi from issuing bonds to pay for salaries or other recurring expenses. They say any bond project must have a life at least as long as the life of the debt. They require that specific information be submitted about each project. They also say that the Bond Commission must have "clear and convincing evidence of economic use and benefit" for any project funded with tax-exempt bonds.

The Legislature must approve bond projects. Then, the Bond Commission must vote to issue the long-term debt.

This year's bond package, [House Bill 1729](#), included nearly \$62 million for improvements on most university campuses; \$25 million for community colleges; \$45 million for improvements at Ingalls Shipyard in Pascagoula; \$20 million for bridge replacement; and \$16.6 million for the Mississippi history and civil rights museums opening in Jackson in 2017.

Among the local projects were \$5 million for the Mississippi Arts and Entertainment Center in Meridian; \$1.6 million for seawall replacement at the Ross Barnett Reservoir; and \$1.1 million for walking and bike trails, hunting and firing ranges at Columbus Air Force Base. The bill also authorized bonds for zoos in Jackson and Hattiesburg; museums in Pascagoula, Kosciusko and Leland; tourism projects in Vicksburg; a beautification project in New Albany; a welcome center in Okolona; street repairs in Laurel and Heidelberg; and baseball field lights for the Alcorn County School District.

At their October meeting, the Bond Commission members — Republican Gov. Phil Bryant, Republican Fitch and Democratic Attorney General Jim Hood — ratified bonds for all but eight of the projects authorized by legislators.

Fitch's chief of staff, Michelle Williams, said the projects they skipped were for dams on private

property in DeSoto County; a Science Exploration Center in Hattiesburg, for several reasons; a recreation center in McComb, because local officials didn't pass a resolution supporting it; a park in Mount Olive because of questions about the project's details; a seminary in Natchez, because of constitutional questions about spending public money on a religious group; for projects in Terry and Saltillo, because leaders in each town wanted to use money for items different than the ones in the bond bill; and a Tishomingo County equine center because county officials didn't know how they'd fund the local share.

Fitch said the Bond Commission's new rules, which affect future projects, are based on suggestions from financial officers' organizations and on best practices in other states. Paying off the principal and interest on bonds typically takes 20 years.

"With every man, woman, and child in the state already on the hook for over \$1,700 in state debt," Fitch said, "we need to think long and hard about what we put on the taxpayer credit card."

Emily Wagster Pettus, Associated Press 5:44 p.m. CST November 13, 2016

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