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Chapter No. 408

11/HR12/R446CS

CT 1 EW

***HOUSE BILL NO. 1227***

Originated in House Don Richardson Clerk

HOUSE BILL NO. 1227

AN ACT TO AUTHORIZE LOCAL SCHOOL BOARDS TO DISBURSE CERTAIN FUNDS, IF THE PRESCRIBED CONDITIONS ARE MET, TO A NONPROFIT FOUNDATION THAT EXISTS TO ENHANCE THE PUBLIC EDUCATIONAL EXPERIENCE AND QUALITY OF INSTRUCTION FOR STUDENTS IN THAT SCHOOL DISTRICT; AND FOR RELATED PURPOSES.

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

**SECTION 1.** (1) This section applies only to those school districts in which there exists a foundation incorporated as a nonprofit organization, legally separate from any school district, which has as its sole purpose the receiving of grants, donations and gifts of real or personal property, or both, to be used and applied exclusively for educational purposes in a particular school district with the goals of enhancing the public educational experience of students and improving the quality of their instruction in that school district.

(2) Whenever an audit of a school district described under subsection (1) includes a finding that the foundation supporting the educational purposes of that school district is considered to be a blended component unit of the district, as determined by Section 2100 of the "Codification of Governmental Accounting and Financial Reporting Standards," any funds belonging to the foundation which are transferred to the public funds of the school district upon the dissolution of the foundation due to the auditor's finding may be disbursed to any successor foundation that subsequently is incorporated as a nonprofit entity if:

(a) The successor foundation adopts as its primary mission the same purpose and goals as the original foundation;

(b) The funds of the successor foundation are not subject to any oversight by the school board of the school district, nor shall any member of the local school board serve as a member of the foundation's board of directors, and the successor foundation is structured legally in such a manner that the foundation is not considered, under generally accepted accounting principles, to be part of the school district;

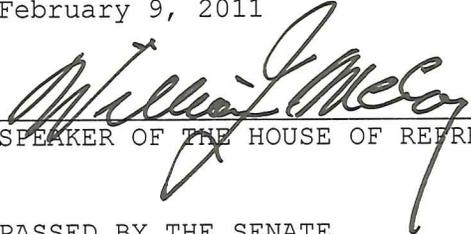
(c) The funds that are the subject of the disbursement are to be used by the successor foundation in carrying out its purpose of enhancing the public educational experience and quality of the instruction available to students in the school district, which is a purpose recognized to be primarily a function of the government; and

(d) The precise amount of the principal of the funds to be disbursed, along with any interest that has been earned on the principal, less any amount previously obligated by the school district, has been determined through an independent analysis of the school district's fund or funds to which the predecessor foundation's funds were transferred.

(3) A disbursement of funds by a school district under this section is considered a disbursement made for a public purpose in consideration of the foundation's aid to the school district in discharging the district's governmental obligation to provide a quality education to the children of that school district.

**SECTION 2.** This act shall take effect and be in force from and after July 1, 2011.

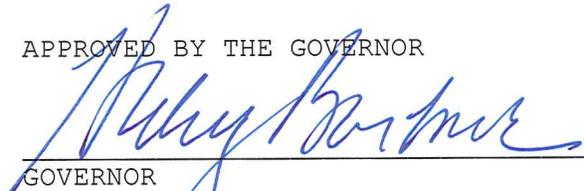
PASSED BY THE HOUSE OF REPRESENTATIVES  
February 9, 2011

  
SPEAKER OF THE HOUSE OF REPRESENTATIVES

PASSED BY THE SENATE  
March 2, 2011

  
PRESIDENT OF THE SENATE

APPROVED BY THE GOVERNOR

  
GOVERNOR

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