

The proposed impact fees were one of several proposals made by Barbour during his "State of the State" address Monday night. Hurricane Katrina was mentioned several times by Barbour in the 50-minute address.

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Barbour led up to the impact fee proposal by outlining the changes in the state since the 2003 elections, which put him and a number of legislators in office. Barbour declined to elaborate further on the impact fee proposal, saying he wanted to wait until after the plan was presented to the Legislature.

"In the year and a half prior to Katrina that this Legislature and my administration had been in office, the state of our state improved significantly and demonstrably," he said.

When he and the present Legislature went into office, he said, the state has a \$700 million deficit.

"The budget you passed in May nearly achieved structural balance, quite an accomplishment in only two years and it dipped into special funds by only a fraction of the 2003 total," he said. "In fact, based on actual revenues collected in the current fiscal year, full structural balance would be achieved this year."

As of Dec. 31, halfway through the current fiscal year, Barbour said the actual revenue collected by the state was \$80 million more than the budget estimates.

"We don't know if this growth will continue, but the overage is enough to cover the principal planned budget shortfall, which is in debt service," he said. "While we had foreseen and believed before Katrina that actual revenue would more than cover this shortfall, I'm pleased to report that so far that's holding up."

But Barbour said there was a critical difference between the state's financial condition and the that of the local governments in the six coastal counties. While uncertainty remains about the state's revenues and its necessary expenses, Mississippi, he said, "is in good shape on both counts.

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He said a number of counties "are drowning from both required extra expenditures and definite loss of revenue. They are borrowing from both the state and federal governments. It will be years before their ad valorem taxes come back, even though there is likely to be a great surge of construction and development in these communities.

"To deal with this, I will ask the Legislature to authorize -- authorize, not require -- impact fees to be assessed by these local governments on new development projects in their communities," he said. "This will have the effect of advancing revenue on these developments so the local governments can provide services and indeed survive."

"We'll take a look at that," said State Rep. Carmel Wells-Smith of Pascagoula. "There are a number of us that just have to see what he's talking about. We don't need any more burden down there than we already have. The cities have been tremendously generous in not making us pay for our permits and that was out of consideration to the fact that everybody was hurting and needed that assistance. So I'm going to have to look real hard at impact fees. I don't know now is the appropriate time."

State Rep. Frank Hamilton of Hurley said he wanted to see what was proposed before commenting.

"I really don't know as much as I ought to about the impact fees," he said. "Certainly, there's going to have to be some relief. And when they get something written that I can look at, then I'll be more inclined to make a statement."

Impact fees are costs charged to developers to finance services required by a new development. They are used in many states to build streets, sidewalks and sewage systems in new developments.

Barbour praised the local governments and Coast residents for their response to the damage left in Katrina's wake.

"Our people didn't whine or mope around," he said. "They're not into victimhood. Immediately after the storm passed through, they hitched up their britches and began helping themselves and their neighbors. Mississippi's spirit was obvious to people across the country and around the world."

He commended local officials for making decisions that helped save lives and for keeping continuity in the local governments.

Barbour also commended the state's congressional delegation for its help in getting tax incentive and relief packages through Congress and signed by President Bush. He said only the Medicaid package, which will cover 100 percent of the state's Medicaid costs from Aug. 20, 2005, to June 30, has yet to be passed.

He said the work of his Commission of Recovery, Rebuilding and Renewal exceeded expectations, adding that the commission's report will be made public on Wednesday.

He said there were some major issues he wanted the legislators to consider after reading the report:

Authorizing the formation of regional organizations to deliver certain public services like the DeSoto County Regional Utility Authority.

Consider innovative transportation projects that will improve evacuation when future storms threaten that will divert traffic from U.S. 90, so it can be a "tourist-attracting beach boulevard," and allow the State Port at Gulfport "to recover and rebuild as a stronger maritime cargo operation."

Help local governments get back on their feet financially.

Barbour also said he was re-introducing his "UpGrade Education" proposal to improve education in the state. The program covers several issues, including home rule for schools, focus on dropout prevention, teacher recruitment and retention, school discipline and pay for performance.

Hamilton called Barbour's address "great. He's did a heck of a job. Of course, he's done a lot of work for the state. He's done so much, he didn't have to read a lot of what he said."

He said he believed the UpGrade to education would be a good deal for the

state, adding that he supported the initiative last year.

"I don't recall what the problem was," he said concerning the bill's failure last year. "There was just mass confusion because so much was going on."

"What he said was exciting," Wells-Smith said. "The Legislature was updated on the Katrina assistance last week so we had our moment to hear the exciting news for the things that are coming our way. But I was really surprised and thrilled to know our financial situation. It think that's tremendous, especially because that doesn't include any (Coast) casino revenue. I think outside the Katrina relief, that's the best news he gave us. I'm encouraged that he's pushing the education reform this year. I'm hopeful that it will make it through the process this year."

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