

By: Representative Ford

To: Agriculture; Ways and
MeansCOMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 617

1 AN ACT TO REENACT SECTION 69-2-13, MISSISSIPPI CODE OF 1972,
2 WHICH ESTABLISHES THE EMERGING CROPS FUND; TO AMEND REENACTED
3 SECTION 69-2-13, MISSISSIPPI CODE OF 1972, TO EXTEND THE REPEALER
4 ON THE MONIES AVAILABLE FOR PURPOSES OF THE REFORESTATION
5 COST-SHARE PROGRAM AND TO REMOVE CERTAIN PROGRAMS; AND FOR RELATED
6 PURPOSES.

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

8 SECTION 1. Section 69-2-13, Mississippi Code of 1972, is
9 reenacted and amended as follows:

10 69-2-13. (1) There is hereby established in the State
11 Treasury a fund to be known as the "Emerging Crops Fund," which
12 shall be used to pay the interest on loans made to farmers for
13 nonland capital costs of establishing production of emerging crops
14 on land in Mississippi, and to make loans and grants which are
15 authorized under this section to be made from the fund. The fund
16 shall be administered by the Mississippi Department of Economic
17 and Community Development. A board comprised of the directors of
18 the department, the Mississippi Cooperative Extension Service, the
19 Mississippi Small Farm Development Center and the Mississippi
20 Agricultural and Forestry Experiment Station, or their designees,
21 shall develop definitions, guidelines and procedures for the
22 implementation of this chapter. Funds for the Emerging Crops Fund
23 shall be provided from the issuance of bonds or notes under
24 Sections 69-2-19 through 69-2-37 and from repayment of interest
25 loans made from the fund.

26 (2) (a) The Mississippi Business Finance Corporation shall
27 develop a program which gives fair consideration to making loans
28 for the processing and manufacturing of goods and services by

29 agribusiness and small business concerns. It is the policy of the
30 State of Mississippi that such corporation shall give due
31 recognition to and shall aid, counsel, assist and protect, insofar
32 as is possible, the interests of agribusiness and small business
33 concerns. To ensure that the purposes of this subsection are
34 carried out, the corporation shall loan not more than One Million
35 Dollars (\$1,000,000.00) to finance any single agribusiness or
36 small business concern. Loans made pursuant to this subsection
37 shall be made in accordance with the criteria established in
38 Section 57-71-11.

39 (b) The Mississippi Business Finance Corporation may,
40 out of the total amount of bonds authorized to be issued under
41 this chapter, make available funds to any planning and development
42 district in accordance with the criteria established in Section
43 57-71-11. Planning and development districts which receive monies
44 pursuant to this provision shall use such monies to make loans to
45 private companies for purposes consistent with this subsection.

46 (c) The Mississippi Business Finance Corporation is
47 hereby authorized to engage legal services, financial advisors,
48 appraisers and consultants if needed to review and close loans
49 made hereunder and to establish and assess reasonable fees
50 including, but not limited to, liquidation expenses.

51 (3) The department shall, in addition to the other programs
52 described in this section, provide for a program of loans to be
53 made to agribusiness enterprises for the purpose of encouraging
54 thereby the extension of conventional financing and the issuance
55 of letters of credit to such agribusiness enterprises by private
56 institutions. Monies to make such loans by the department shall
57 be drawn from the Emerging Crops Fund. The amount of a loan to
58 any single agribusiness enterprise shall not exceed twenty percent
59 (20%) of the total cost of the project for which financing is
60 sought or Two Hundred Thousand Dollars (\$200,000.00), whichever is
61 less. No interest shall be charged on such loans, and only the
62 amount actually loaned shall be required to be repaid. Repayments
63 shall be deposited into the Emerging Crops Fund.

64 (4) Through June 30, 1999, the Mississippi Business Finance
65 Corporation may loan or grant to qualified planning and

66 development districts, and to small business investment
67 corporations, bank-based community development corporations, the
68 Recruitment and Training Program, Inc., the City of Jackson
69 Business Development Loan Fund, the Lorman Southwest Mississippi
70 Development Corporation, the West Jackson Community Development
71 Corporation, the East Mississippi Development Corporation, and
72 other entities meeting the criteria established by the Mississippi
73 Business Corporation (all referred to hereinafter as "qualified
74 entities"), funds for the purpose of establishing loan revolving
75 funds to assist in providing financing for minority economic
76 development. The monies loaned or granted by the Mississippi
77 Business Finance Corporation shall be drawn from the Emerging
78 Crops Fund and shall not exceed Sixteen Million Dollars
79 (\$16,000,000.00) in the aggregate. Planning and development
80 districts or qualified entities which receive monies pursuant to
81 this provision shall use such monies to make loans to minority
82 business enterprises consistent with criteria established by the
83 Mississippi Business Finance Corporation. Such criteria shall
84 include, at a minimum, the following:

85 (a) The business enterprise must be a private,
86 for-profit enterprise.

87 (b) If the business enterprise is a proprietorship, the
88 borrower must be a resident citizen of the State of Mississippi;
89 if the business enterprise is a corporation or partnership, at
90 least fifty percent (50%) of the owners must be resident citizens
91 of the State of Mississippi.

92 (c) The borrower must have at least five percent (5%)
93 equity interest in the business enterprise.

94 (d) The borrower must demonstrate ability to repay the
95 loan.

96 (e) The borrower must not be in default of any previous
97 loan from the state or federal government.

98 (f) Loan proceeds may be used for financing all project

99 costs associated with development or expansion of a new small
100 business, including fixed assets, working capital, start-up costs,
101 rental payments, interest expense during construction and
102 professional fees related to the project.

103 (g) Loan proceeds shall not be used to pay off existing
104 debt for loan consolidation purposes; to finance the acquisition,
105 construction, improvement or operation of real property which is
106 to be held primarily for sale or investment; to provide for, or
107 free funds, for speculation in any kind of property; or as a loan
108 to owners, partners or stockholders of the applicant which do not
109 change ownership interest by the applicant. However, this does
110 not apply to ordinary compensation for services rendered in the
111 course of business.

112 (h) The maximum amount that may be loaned to any one
113 (1) borrower shall be Two Hundred Fifty Thousand Dollars
114 (\$250,000.00).

115 (i) The Mississippi Business Finance Corporation shall
116 review each loan before it is made, and no loan shall be made to
117 any borrower until the loan has been reviewed and approved by the
118 Mississippi Business Finance Corporation.

119 For the purpose of this subsection, the term "minority
120 business enterprise" means a socially and economically
121 disadvantaged small business concern, organized for profit,
122 performing a commercially useful function which is owned and
123 controlled by one or more minorities or minority business
124 enterprises certified by the Mississippi Business Finance
125 Corporation, at least fifty percent (50%) of whom are resident
126 citizens of the State of Mississippi. For purposes of this
127 subsection, the term "socially and economically disadvantaged
128 small business concern" shall have the meaning ascribed to such
129 term under the Small Business Act (15 USCS, Section 637(a)), or
130 women, and the term "owned and controlled" means a business in
131 which one or more minorities or minority business enterprises

132 certified by the Mississippi Business Finance Corporation own
133 sixty percent (60%) or, in the case of a corporation, sixty
134 percent (60%) of the voting stock, and control sixty percent (60%)
135 of the management and daily business operations of the business.

136 From and after July 1, 1999, monies not loaned or granted by
137 the Business Finance Corporation to planning and development
138 districts or qualified entities under this subsection, and monies
139 not loaned by planning and development districts or qualified
140 entities, shall be deposited to the credit of the sinking fund
141 created and maintained in the State Treasury for the retirement of
142 bonds issued under Section 69-2-19.

143 (5) The Mississippi Business Finance Corporation shall
144 develop a program which will assist minority business enterprises
145 by guaranteeing bid, performance and payment bonds which such
146 minority businesses are required to obtain in order to contract
147 with state agencies or political subdivisions. Monies for such
148 program shall be drawn from the monies allocated under subsection
149 (4) of this section to assist the financing of minority economic
150 development and shall not exceed Two Million Dollars
151 (\$2,000,000.00) in the aggregate. The Mississippi Business
152 Finance Corporation may promulgate rules and regulations for the
153 operation of the program established pursuant to this subsection.
154 For the purpose of this subsection (5) the term "minority business
155 enterprise" has the meaning assigned such term in subsection (4)
156 of this section.

157 (6) The Mississippi Business Finance Corporation may loan or
158 grant to public entities and to nonprofit corporations funds to
159 defray the expense of financing (or to match any funds available
160 from other public or private sources for the expense of financing)
161 projects in this state which are devoted to the study, teaching
162 and/or promotion of regional crafts and which are deemed by the
163 corporation to be significant tourist attractions. The monies
164 loaned or granted shall be drawn from the Emerging Crops Fund and

165 shall not exceed Two Hundred Fifty Thousand Dollars (\$250,000.00)
166 in the aggregate.

167 (7) Through June 30, 1998, the Mississippi Business Finance
168 Corporation shall make available to the Mississippi Department of
169 Agriculture and Commerce funds for the purpose of establishing
170 loan revolving funds and other methods of financing for
171 agribusiness programs administered under the Mississippi
172 Agribusiness Council Act of 1993. The monies made available by
173 the Mississippi Business Finance Corporation shall be drawn from
174 the Emerging Crops Fund and shall not exceed Seven Hundred
175 Thousand Dollars (\$700,000.00) in the aggregate. The Mississippi
176 Department of Agriculture and Commerce shall establish control and
177 auditing procedures for use of these funds. These funds will be
178 used primarily for quick payment to farmers for vegetable and
179 fruit crops processed and sold through vegetable processing plants
180 associated with the Department of Agriculture and Commerce and the
181 Mississippi State Extension Service.

182 (8) From and after July 1, 1996, the Mississippi Business
183 Finance Corporation shall make available to the Mississippi Small
184 Farm Development Center One Million Dollars (\$1,000,000.00) to be
185 used by the center to assist small entrepreneurs as provided in
186 Section 37-101-25, Mississippi Code of 1972. The monies made
187 available by the Mississippi Business Finance Corporation shall be
188 drawn from the Emerging Crops Fund.

189 * * *

190 (9) Upon request by resolution of the Board of Directors of
191 the Institute for Technology Development and the Mississippi
192 Agribusiness Council, the Mississippi Business Finance Corporation
193 shall make available to the Institute for Technology Development
194 on a one-time basis, an amount not to exceed Two Hundred Fifty
195 Thousand Dollars (\$250,000.00) from the cash balance of the
196 Emerging Crops Fund to support the development of a cooperative
197 program for agribusiness development with the Alternative

198 Agriculture Research and Commercialization Program (AARC) of the
199 United States Department of Agriculture.

200 * * *

201 (10) * * * The Mississippi Business Finance Corporation
202 shall make available to the Mississippi Forestry Commission for
203 fiscal year 2000 a lump sum amount not to exceed Five Hundred
204 Thousand Dollars (\$500,000.00) to be drawn from the Emerging Crop
205 Fund and used for the commission's Reforestation Cost-Share
206 Program. This subsection (13) shall be repealed from and after
207 June 30, 2000.

208 * * *

209 SECTION 2. This act shall take effect and be in force from
210 and after July 1, 1999.