

By: Representatives Scott (80th), Bailey,  
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To: Ways and Means

HOUSE BILL NO. 1385

1       AN ACT TO AMEND SECTION 57-10-511, MISSISSIPPI CODE OF 1972,  
2 TO INCREASE THE AMOUNT OF GRANT FUNDS THAT MAY BE MADE AVAILABLE  
3 TO PLANNING AND DEVELOPMENT DISTRICTS AND QUALIFIED ENTITIES UNDER  
4 THE MISSISSIPPI SMALL BUSINESS ASSISTANCE ACT; TO AMEND SECTION  
5 57-10-525, MISSISSIPPI CODE OF 1972, TO AUTHORIZE THE ISSUANCE OF  
6 ADDITIONAL BONDS IN THE AMOUNT OF \$12,000,000.00 TO PROVIDE  
7 ADDITIONAL FUNDS FOR THE MISSISSIPPI SMALL BUSINESS ASSISTANCE  
8 ACT; AND FOR RELATED PURPOSES.       BE IT ENACTED BY THE  
9 LEGISLATURE OF THE STATE OF MISSISSIPPI:

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11       SECTION 1. Section 57-10-511, Mississippi Code of 1972, is  
12 amended as follows:

13       57-10-511. (1) DECD shall grant funds under this article to  
14 a planning and development district or qualified entity in  
15 accordance with the following terms and conditions:

16           (a) Grant funds received by a planning and development  
17 district or qualified entity in accordance with this article shall  
18 be used by the planning and development district or qualified  
19 entity to establish a revolving assistance fund for the purpose of  
20 providing assistance to small businesses in accordance with this  
21 article. Except as otherwise allowed in this article, all  
22 principal and interest payments by small businesses in repayment  
23 of such assistance shall be eligible for and used by the planning  
24 and development district or qualified entity for additional  
25 assistance to small businesses in accordance with this article.

26           (b) Each planning and development district meeting the  
27 criteria set forth in this article shall receive an initial grant  
28 of not to exceed One Million Dollars (\$1,000,000.00) for the  
29 purpose of establishing the program within its area in accordance  
30 with this article. Each qualified entity meeting the criteria set

31 forth in this article shall be eligible to receive an initial  
32 grant of Five Hundred Thousand Dollars (\$500,000.00) for the  
33 purpose of establishing the program within the area it serves in  
34 accordance with this article. The total amount of initial grants  
35 to planning and development districts shall not exceed Ten Million  
36 Dollars (\$10,000,000.00) and the total amount of initial grants  
37 for qualified entities shall not exceed Two Million Dollars  
38 (\$2,000,000.00). Each planning and development district or  
39 qualified entity receiving an initial grant shall have twelve (12)  
40 months in which to make binding commitments to provide assistance  
41 to small businesses in the principal amount of the initial grant  
42 in accordance with this article. Grant funds not committed to  
43 provide assistance to small businesses at the end of twelve (12)  
44 months after receipt thereof by the planning and development  
45 district or qualified entity shall be returned to DECD for  
46 placement in a pool to be redistributed by DECD to planning and  
47 development districts or qualified entities which have binding  
48 commitments to distribute as assistance all their initial grant  
49 funds and have pending applications for additional assistance in  
50 accordance with this article. Any planning and development  
51 district or qualified entity returning any such grant funds to  
52 DECD shall be required at the time such initial grant funds are  
53 returned to deliver to the State Treasury, for deposit in the  
54 General Fund, interest on the amount of such returned funds at the  
55 same rate as any bonds or notes of the State of Mississippi issued  
56 pursuant to this article to provide such grant funds.

57 (c) After all of the initial grant funds have been  
58 provided as assistance to small businesses in accordance with this  
59 article, DECD shall distribute additional grant funds to each  
60 planning and development district or qualified entity qualified  
61 under this article to receive and requesting such funds in  
62 whatever amounts DECD deems appropriate and when needed by such  
63 planning and development districts or qualified entities to  
64 provide additional assistance to small businesses in accordance  
65 with this article. The schedule for distributing such funds shall  
66 be determined by DECD. Funds distributed to planning and  
67 development districts and qualified entities pursuant to this

paragraph shall be in addition to funds distributed to planning and development districts and qualified entities pursuant to paragraph (b) of this section. The total amount of grants issued pursuant to this paragraph shall not exceed Twenty-nine Million Dollars (\$29,000,000.00) for planning and development districts or qualified entities. Grant funds not committed to provide assistance to small businesses at the end of twelve (12) months after receipt thereof by the planning and development district or qualified entity shall be returned to DECD for placement in a pool to be redistributed by DECD to planning and development districts or qualified entities which have binding commitments to distribute as assistance all their initial grant funds and have pending applications for additional assistance in accordance with this article. Any planning and development district or qualified entity returning any such grant funds to DECD shall be required at the time such grant funds are returned to deliver to the State Treasury, for deposit in the General Fund, interest on the amount of such returned funds at the same rate as any bonds or notes of the State of Mississippi issued pursuant to this article to provide such grant funds.

(d) A planning and development district or qualified entity participating in the program may utilize not more than fifty percent (50%) of interest earned on assistance provided to small businesses in accordance with this article for administration and management of the program, unless specifically authorized to utilize more by DECD; provided, however, any interest earned on grant funds held by a planning and development district or qualified entity prior to the utilization of such grant funds to provide assistance to small business shall be placed in the revolving assistance fund of the planning and development district or qualified entity and shall not be expended for administration or management costs. Planning and development districts and qualified entities may retain fifty percent (50%) of

101 the interest earned on repayment funds that are being held on  
102 deposit in anticipation of relending to aid in the administration  
103 and management of the program. Each planning and development  
104 district and qualified entity shall file annually with the  
105 Secretary of the Senate and the Clerk of the House of  
106 Representatives not later than the first day of each regular  
107 legislative session a report which details any interest retained  
108 or utilized by the planning and development district or qualified  
109 entity pursuant to this paragraph (d).

110 (e) If a planning and development district or qualified  
111 entity participating in the program experiences losses from  
112 assistance provided pursuant to the program in excess of fifty  
113 percent (50%) of the amount of grant funds received by the  
114 planning and development district or qualified entity, the  
115 planning and development district or qualified entity shall repay  
116 the State of Mississippi the amount of such losses in excess of  
117 fifty percent (50%) by delivering that amount to the State  
118 Treasury for deposit in the General Fund.

119 (f) DECD shall assist each planning and development  
120 district or qualified entity participating in the program in  
121 connection with such planning and development district's or  
122 qualified entity's compliance with this article.

123 (g) Each planning and development district or qualified  
124 entity participating in the program shall submit the following  
125 reports to the House Ways and Means Committee and the Senate  
126 Economic Development, Tourism and Parks Committee:

127 (i) An annual audit of grant funds received in  
128 connection with the program; and

129 (ii) A semiannual report on July 15 and January 15  
130 of each year, describing all assistance provided to small  
131 businesses pursuant to the program, such reports to include  
132 without limitation the following: a description of each small  
133 business receiving assistance; the project to be assisted and

purpose of assistance; a description of each loan and equity investment, including the terms and conditions thereof and use of the funds assistance by the small business; history of the assistance pool, including principal amount loaned, interest earned, interest expended for administration and management, principal amount of equity investments, assistance funds available, and losses; and a statement of jobs created or retained as a result of the assistance program.

(h) If DECD determines that a district or entity has provided assistance to small businesses in a manner inconsistent with the provisions of this article, then the amount of such assistance so provided shall be withheld by DECD from any additional grant funds to which the district or entity becomes entitled under this article. If DECD determines, after notifying such district or entity twice in writing and providing such district or entity a reasonable opportunity to comply, that a planning and development district or qualified entity has consistently failed to comply with this article in connection with the program, DECD may declare such planning and development district or qualified entity in default under the program and, upon receipt of notice thereof from DECD, such planning and development district or qualified entity shall immediately cease providing assistance under the program, shall refund to DECD for distribution to other planning and development districts or qualified entities all funds held in its revolving assistance fund and, if required by DECD, shall convey to DECD all administrative and management control of assistance provided by it under the program.

(2) This section shall stand repealed on July 1, 2000.

SECTION 2. Section 57-10-525, Mississippi Code of 1972, is amended as follows:

57-10-525. (1) The seller is authorized to borrow, on the credit of the state, money not exceeding the aggregate sum of

Forty-one Million Dollars (\$41,000,000.00, not including money borrowed to refund outstanding bonds, notes or replacement notes, as may be necessary to carry out the purposes of this article. The rate of interest on any such bonds or notes which are not subject to taxation shall not exceed the rates set forth in Section 75-17-101, Mississippi Code of 1972, for general obligation bonds.

(2) As evidence of indebtedness authorized in this article, general or limited obligation bonds of the state shall be issued from time to time to provide monies necessary to carry out the purposes of this article for such total amount, in such form, in such denominations, payable in such currencies (either domestic or foreign or both), and subject to such terms and conditions of issue, redemption and maturity, rate of interest and time of payment of interest as the seller directs, except that such bonds shall mature or otherwise be retired in annual installments beginning not more than five (5) years from date thereof and extending not more than twenty (20) years from the date thereof.

(3) All bonds and notes issued under authority of this article shall be signed by the chairman of the seller, or by his facsimile signature, and the official seal of the seller shall be affixed thereto, attested by the secretary of the seller.

(4) All bonds and notes issued under authority of this article may be general or limited obligations of the state, and the full faith and credit of the State of Mississippi as to general obligation bonds, or the revenue derived from projects assisted as to limited obligation bonds, are hereby pledged for the payment of the principal of and interest on such bonds and notes.

(5) Such bonds and notes and the income therefrom shall be exempt from all taxation in the State of Mississippi.

(6) The bonds may be issued as coupon bonds or registered as to both principal and interest as the seller may determine. If

200 interest coupons are attached, they shall contain the facsimile  
201 signature of the chairman and the secretary of the seller.

202 (7) As to bonds issued hereunder and designated as taxable  
203 bonds by the seller, any immunity of the state to taxation by the  
204 United States government of interest on bonds or notes issued by  
205 the state is hereby waived.

206 SECTION 3. This act shall take effect and be in force from  
207 and after July 1, 1999.