

By: Representative Williams

To: Ways and Means

HOUSE BILL NO. 1528
(As Sent to Governor)

1 AN ACT TO AMEND SECTION 69-2-13, MISSISSIPPI CODE OF 1972, TO
2 INCREASE FROM \$16,000,000.00 TO \$24,000,000.00, THE AMOUNT OF
3 MONEY THAT MAY BE DRAWN FROM THE EMERGING CROPS FUND BY THE
4 MISSISSIPPI BUSINESS FINANCE CORPORATION TO ASSIST IN PROVIDING
5 FINANCING FOR MINORITY ECONOMIC DEVELOPMENT; TO EXTEND THE REPEAL
6 DATE ON THE MISSISSIPPI BUSINESS FINANCE CORPORATION'S AUTHORITY
7 TO PROVIDE SUCH ASSISTANCE; TO INCLUDE CONTRACTS WITH FEDERAL
8 DEPARTMENTS AND AGENCIES IN THE TYPES OF CONTRACTS FOR WHICH THE
9 MISSISSIPPI BUSINESS FINANCE CORPORATION WILL GUARANTEE BID,
10 PERFORMANCE AND PAYMENT BONDS WHICH MINORITY BUSINESSES ARE
11 REQUIRED TO OBTAIN FOR SUCH CONTRACTS; TO PROVIDE THAT THE
12 MISSISSIPPI BUSINESS FINANCE CORPORATION SHALL MAKE LOANS FROM THE
13 EMERGING CROPS FUND TO PRODUCERS OF SWEET POTATOES AND
14 COOPERATIVES OWNED BY SWEET POTATO PRODUCERS TO ASSIST IN THE
15 PLANTING OF SWEET POTATOES AND THE PURCHASE OF SWEET POTATO
16 PRODUCTION AND HARVESTING EQUIPMENT; TO AMEND SECTION 69-2-19,
17 MISSISSIPPI CODE OF 1972, TO INCREASE FROM \$95,000,000.00 TO
18 \$103,000,000.00, THE AMOUNT OF BONDS THAT MAY BE ISSUED TO PROVIDE
19 FUNDS FOR THE EMERGING CROPS FUND; AND FOR RELATED PURPOSES.

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

21 SECTION 1. Section 69-2-13, Mississippi Code of 1972, is
22 amended as follows:

23 69-2-13. (1) There is hereby established in the State
24 Treasury a fund to be known as the "Emerging Crops Fund," which
25 shall be used to pay the interest on loans made to farmers for
26 nonland capital costs of establishing production of emerging crops
27 on land in Mississippi, and to make loans and grants which are
28 authorized under this section to be made from the fund. The fund
29 shall be administered by the Mississippi Department of Economic
30 and Community Development. A board comprised of the directors of
31 the department, the Mississippi Cooperative Extension Service, the
32 Mississippi Small Farm Development Center and the Mississippi
33 Agricultural and Forestry Experiment Station, or their designees,
34 shall develop definitions, guidelines and procedures for the
35 implementation of this chapter. Funds for the Emerging Crops Fund

36 shall be provided from the issuance of bonds or notes under
37 Sections 69-2-19 through 69-2-37 and from repayment of interest
38 loans made from the fund.

39 (2) (a) The Mississippi Business Finance Corporation shall
40 develop a program which gives fair consideration to making loans
41 for the processing and manufacturing of goods and services by
42 agribusiness and small business concerns. It is the policy of the
43 State of Mississippi that such corporation shall give due
44 recognition to and shall aid, counsel, assist and protect, insofar
45 as is possible, the interests of agribusiness and small business
46 concerns. To ensure that the purposes of this subsection are
47 carried out, the corporation shall loan not more than One Million
48 Dollars (\$1,000,000.00) to finance any single agribusiness or
49 small business concern. Loans made pursuant to this subsection
50 shall be made in accordance with the criteria established in
51 Section 57-71-11.

52 (b) The Mississippi Business Finance Corporation may,
53 out of the total amount of bonds authorized to be issued under
54 this chapter, make available funds to any planning and development
55 district in accordance with the criteria established in Section
56 57-71-11. Planning and development districts which receive monies
57 pursuant to this provision shall use such monies to make loans to
58 private companies for purposes consistent with this subsection.

59 (c) The Mississippi Business Finance Corporation is
60 hereby authorized to engage legal services, financial advisors,
61 appraisers and consultants if needed to review and close loans
62 made hereunder and to establish and assess reasonable fees
63 including, but not limited to, liquidation expenses.

64 (3) The department shall, in addition to the other programs
65 described in this section, provide for a program of loans to be
66 made to agribusiness enterprises for the purpose of encouraging
67 thereby the extension of conventional financing and the issuance
68 of letters of credit to such agribusiness enterprises by private
69 institutions. Monies to make such loans by the department shall
70 be drawn from the Emerging Crops Fund. The amount of a loan to
71 any single agribusiness enterprise shall not exceed twenty percent
72 (20%) of the total cost of the project for which financing is
73 sought or Two Hundred Thousand Dollars (\$200,000.00), whichever is

74 less. No interest shall be charged on such loans, and only the
75 amount actually loaned shall be required to be repaid. Repayments
76 shall be deposited into the Emerging Crops Fund.

77 (4) Through June 30, 2001, the Mississippi Business Finance
78 Corporation may loan or grant to qualified planning and
79 development districts, and to small business investment
80 corporations, bank-based community development corporations, the
81 Recruitment and Training Program, Inc., the City of Jackson
82 Business Development Loan Fund, the Lorman Southwest Mississippi
83 Development Corporation, the West Jackson Community Development
84 Corporation, the East Mississippi Development Corporation, and
85 other entities meeting the criteria established by the Mississippi
86 Business Corporation (all referred to hereinafter as "qualified
87 entities"), funds for the purpose of establishing loan revolving
88 funds to assist in providing financing for minority economic
89 development. The monies loaned or granted by the Mississippi
90 Business Finance Corporation shall be drawn from the Emerging
91 Crops Fund and shall not exceed Twenty-four Million Dollars
92 (\$24,000,000.00) in the aggregate. Planning and development
93 districts or qualified entities which receive monies pursuant to
94 this provision shall use such monies to make loans to minority
95 business enterprises consistent with criteria established by the
96 Mississippi Business Finance Corporation. Such criteria shall
97 include, at a minimum, the following:

98 (a) The business enterprise must be a private,
99 for-profit enterprise.

100 (b) If the business enterprise is a proprietorship, the
101 borrower must be a resident citizen of the State of Mississippi;
102 if the business enterprise is a corporation or partnership, at
103 least fifty percent (50%) of the owners must be resident citizens
104 of the State of Mississippi.

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

107 (d) The borrower must demonstrate ability to repay the

108 loan.

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

111 (f) Loan proceeds may be used for financing all project
112 costs associated with development or expansion of a new small
113 business, including fixed assets, working capital, start-up costs,
114 rental payments, interest expense during construction and
115 professional fees related to the project.

116 (g) Loan proceeds shall not be used to pay off existing
117 debt for loan consolidation purposes; to finance the acquisition,
118 construction, improvement or operation of real property which is
119 to be held primarily for sale or investment; to provide for, or
120 free funds, for speculation in any kind of property; or as a loan
121 to owners, partners or stockholders of the applicant which do not
122 change ownership interest by the applicant. However, this does
123 not apply to ordinary compensation for services rendered in the
124 course of business.

125 (h) The maximum amount that may be loaned to any one
126 (1) borrower shall be Two Hundred Fifty Thousand Dollars
127 (\$250,000.00).

128 (i) The Mississippi Business Finance Corporation shall
129 review each loan before it is made, and no loan shall be made to
130 any borrower until the loan has been reviewed and approved by the
131 Mississippi Business Finance Corporation.

132 For the purpose of this subsection, the term "minority
133 business enterprise" means a socially and economically
134 disadvantaged small business concern, organized for profit,
135 performing a commercially useful function which is owned and
136 controlled by one or more minorities or minority business
137 enterprises certified by the Mississippi Business Finance
138 Corporation, at least fifty percent (50%) of whom are resident
139 citizens of the State of Mississippi. For purposes of this
140 subsection, the term "socially and economically disadvantaged
141 small business concern" shall have the meaning ascribed to such

142 term under the Small Business Act (15 USCS, Section 637(a)), or
143 women, and the term "owned and controlled" means a business in
144 which one or more minorities or minority business enterprises
145 certified by the Mississippi Business Finance Corporation own
146 sixty percent (60%) or, in the case of a corporation, sixty
147 percent (60%) of the voting stock, and control sixty percent (60%)
148 of the management and daily business operations of the business.

149 From and after July 1, 2001, monies not loaned or granted by
150 the Business Finance Corporation to planning and development
151 districts or qualified entities under this subsection, and monies
152 not loaned by planning and development districts or qualified
153 entities, shall be deposited to the credit of the sinking fund
154 created and maintained in the State Treasury for the retirement of
155 bonds issued under Section 69-2-19.

156 (5) The Mississippi Business Finance Corporation shall
157 develop a program which will assist minority business enterprises
158 by guaranteeing bid, performance and payment bonds which such
159 minority businesses are required to obtain in order to contract
160 with state agencies or political subdivisions, or federal agencies
161 or departments. Monies for such program shall be drawn from the
162 monies allocated under subsection (4) of this section to assist
163 the financing of minority economic development and shall not
164 exceed Two Million Dollars (\$2,000,000.00) in the aggregate. The
165 Mississippi Business Finance Corporation may promulgate rules and
166 regulations for the operation of the program established pursuant
167 to this subsection. For the purpose of this subsection (5) the
168 term "minority business enterprise" has the meaning assigned such
169 term in subsection (4) of this section.

170 (6) The Mississippi Business Finance Corporation may loan or
171 grant to public entities and to nonprofit corporations funds to
172 defray the expense of financing (or to match any funds available
173 from other public or private sources for the expense of financing)
174 projects in this state which are devoted to the study, teaching
175 and/or promotion of regional crafts and which are deemed by the

176 corporation to be significant tourist attractions. The monies
177 loaned or granted shall be drawn from the Emerging Crops Fund and
178 shall not exceed Two Hundred Fifty Thousand Dollars (\$250,000.00)
179 in the aggregate.

180 (7) Through June 30, 1998, the Mississippi Business Finance
181 Corporation shall make available to the Mississippi Department of
182 Agriculture and Commerce funds for the purpose of establishing
183 loan revolving funds and other methods of financing for
184 agribusiness programs administered under the Mississippi
185 Agribusiness Council Act of 1993. The monies made available by
186 the Mississippi Business Finance Corporation shall be drawn from
187 the Emerging Crops Fund and shall not exceed Seven Hundred
188 Thousand Dollars (\$700,000.00) in the aggregate. The Mississippi
189 Department of Agriculture and Commerce shall establish control and
190 auditing procedures for use of these funds. These funds will be
191 used primarily for quick payment to farmers for vegetable and
192 fruit crops processed and sold through vegetable processing plants
193 associated with the Department of Agriculture and Commerce and the
194 Mississippi State Extension Service.

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

202 (9) The Mississippi Business Finance Corporation shall make
203 available to the Mississippi Department of Agriculture and
204 Commerce for disbursement, upon warrant or warrants issued by the
205 State Fiscal Officer upon requisitions made by the Commissioner of
206 Agriculture and Commerce, or his designee, to the Certified Cotton
207 Growers Organization, as defined in Section 69-37-5, funds on a
208 one-time basis in a lump sum, an amount not to exceed Two Million
209 Dollars (\$2,000,000.00) for the purpose of assisting in carrying

210 out the purposes of the Mississippi Boll Weevil Management Act.
211 The monies made available by the Mississippi Business Finance
212 Corporation shall be drawn from the Emerging Crops Fund. This
213 subsection (9) shall be repealed from and after June 30, 1999.

214 (10) Upon request by resolution of the Board of Directors of
215 the Institute for Technology Development and the Mississippi
216 Agribusiness Council, the Mississippi Business Finance Corporation
217 shall make available to the Institute for Technology Development
218 on a one-time basis, an amount not to exceed Two Hundred Fifty
219 Thousand Dollars (\$250,000.00) from the cash balance of the
220 Emerging Crops Fund to support the development of a cooperative
221 program for agribusiness development with the Alternative
222 Agriculture Research and Commercialization Program (AARC) of the
223 United States Department of Agriculture.

224 (11) The Mississippi Business Finance Corporation shall make
225 available to the Mississippi Forestry Commission on a lump sum
226 amount not to exceed Five Hundred Thousand Dollars (\$500,000.00)
227 to be drawn from the Emerging Crops Fund and used for the
228 commission's Reforestation Cost-Share Program. This subsection
229 (11) shall be repealed from and after June 30, 1999.

230 (12) The Mississippi Business Finance Corporation shall make
231 available to the Mississippi Forestry Commission for fiscal year
232 1999 a lump sum amount not to exceed Three Million Dollars
233 (\$3,000,000.00) to be drawn from the Emerging Crops Fund and used
234 for the purpose of replacing fire fighting units/equipment. This
235 subsection (12) shall be repealed from and after June 30, 1999.

236 (13) In addition to the amount provided in subsection (11)
237 of this section, the Mississippi Business Finance Corporation
238 shall make available to the Mississippi Forestry Commission for
239 fiscal year 1999 a lump sum amount not to exceed Five Hundred
240 Thousand Dollars (\$500,000.00) to be drawn from the Emerging Crops
241 Fund and used for the commission's Reforestation Cost-Share
242 Program. This subsection (13) shall be repealed from and after
243 June 30, 1999.

244 (14) The Mississippi Business Finance Corporation shall make
245 available to the Small Farm Development Center at Alcorn State
246 University for fiscal year 1999 funds in the amount of Fifty
247 Thousand Dollars (\$50,000.00) and for fiscal year 2000 funds in
248 the amount of Fifty Thousand Dollars (\$50,000.00) to be drawn from
249 the Emerging Crops Fund to support a cooperative program for
250 agribusiness development in Mississippi. This subsection (14)
251 shall be repealed from and after June 30, 2000.

252 (15) The Mississippi Business Finance Corporation shall
253 make loans to producers of sweet potatoes and cooperatives owned
254 by sweet potato producers, to assist in the planting of sweet
255 potatoes and the purchase of sweet potato production and
256 harvesting equipment. The monies loaned by the Mississippi
257 Business Finance Corporation shall be drawn from the Emerging
258 Crops Fund and shall not exceed One Million Dollars
259 (\$1,000,000.00) in the aggregate.

260 SECTION 2. Section 69-2-19, Mississippi Code of 1972, is
261 amended as follows:

262 69-2-19. The State Department of Economic and Community
263 Development is authorized, at one (1) time or from time to time,
264 to declare by resolution the necessity for issuance of negotiable
265 general obligation bonds of the State of Mississippi to provide
266 funds for the Emerging Crops Fund established in Section 69-2-13.
267 Upon the adoption of a resolution by the board, declaring the
268 necessity for the issuance of any part or all of the general
269 obligation bonds authorized by Sections 69-2-19 through 69-2-39,
270 the department shall deliver a certified copy of its resolution or
271 resolutions to the State Bond Commission. Upon receipt of same,
272 the State Bond Commission, in its discretion, shall act as the
273 issuing agent, prescribe the form of the bonds, advertise for and
274 accept bids, issue and sell the bonds so authorized to be sold,
275 and do any and all other things necessary and advisable in
276 connection with the issuance and sale of such bonds. The amount
277 of bonds issued under Sections 69-2-19 through 69-2-39 shall not

278 exceed One Hundred Three Million Dollars (\$103,000,000.00) in the
279 aggregate. No bonds may be issued under Sections 69-2-19 through
280 69-2-39 after October 1, 2003.

281 SECTION 3. This act shall take effect and be in force from
282 and after its passage.