

By: Senator(s) Blackmon

To: Finance

SENATE BILL NO. 2012

1 AN ACT TO AMEND SECTIONS 57-10-511 AND 57-10-525, MISSISSIPPI
 2 CODE OF 1972, TO INCREASE THE AMOUNT OF GRANTS THAT MAY BE GIVEN
 3 TO PLANNING AND DEVELOPMENT DISTRICTS AND QUALIFIED ENTITIES FOR
 4 LOANS TO SMALL BUSINESSES UNDER THE MISSISSIPPI SMALL BUSINESS
 5 ASSISTANCE ACT BY \$7,000,000.00; TO INCREASE THE AMOUNT OF BONDS
 6 THAT MAY BE ISSUED UNDER SUCH ACT FROM \$29,000,000.00 TO
 7 \$36,000,000.00; AND FOR RELATED PURPOSES. BE IT ENACTED BY THE
 8 LEGISLATURE OF THE STATE OF MISSISSIPPI:

9
 10 SECTION 1. Section 57-10-511, Mississippi Code of 1972, is
 11 amended as follows:

12 57-10-511. (1) DECD shall grant funds under this article to
 13 a planning and development district or qualified entity in
 14 accordance with the following terms and conditions:

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

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

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

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

67 paragraph shall be in addition to funds distributed to planning
68 and development districts and qualified entities pursuant to
69 paragraph (b) of this section. The total amount of grants issued
70 pursuant to this paragraph shall not exceed Twenty-four Million
71 Dollars (\$24,000,000.00) for planning and development districts or
72 qualified entities. Grant funds not committed to provide
73 assistance to small businesses at the end of twelve (12) months
74 after receipt thereof by the planning and development district or
75 qualified entity shall be returned to DECD for placement in a pool
76 to be redistributed by DECD to planning and development districts
77 or qualified entities which have binding commitments to distribute
78 as assistance all their initial grant funds and have pending
79 applications for additional assistance in accordance with this
80 article. Any planning and development district or qualified
81 entity returning any such grant funds to DECD shall be required at
82 the time such grant funds are returned to deliver to the State
83 Treasury, for deposit in the General Fund, interest on the amount
84 of such returned funds at the same rate as any bonds or notes of
85 the State of Mississippi issued pursuant to this article to
86 provide such grant funds.

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

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

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

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

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

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

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

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

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

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

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

164 57-10-525. (1) The seller is authorized to borrow, on the
165 credit of the state, money not exceeding the aggregate sum of

166 Thirty-six Million Dollars (\$36,000,000.00), not including money
167 borrowed to refund outstanding bonds, notes or replacement notes,
168 as may be necessary to carry out the purposes of this article.
169 The rate of interest on any such bonds or notes which are not
170 subject to taxation shall not exceed the rates set forth in
171 Section 75-17-101, Mississippi Code of 1972, for general
172 obligation bonds.

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

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

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

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

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

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

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

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