

By: Senator(s) Simmons, Walls, Dearing,  
Horhn, Furniss

To: Economic Dev, Tourism  
and Parks; Finance

COMMITTEE SUBSTITUTE  
FOR  
SENATE BILL NO. 2423

1 AN ACT TO BE ENTITLED THE ECONOMIC DEVELOPMENT ACT OF 1999 TO  
2 CREATE THE CHILD DAY CARE LOAN GUARANTEE FUND FOR THE PURPOSE OF  
3 ENCOURAGING LENDERS TO MAKE LOANS AVAILABLE FOR THE PURPOSE OF  
4 FINANCING THE DEVELOPMENT AND EXPANSION OF CHILD DAY CARE CENTERS  
5 IN THE LESS DEVELOPED COUNTIES OF THE STATE; TO PROVIDE THAT THE  
6 DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT SHALL ADMINISTER  
7 THE LOAN GUARANTEE PROGRAM; TO PROVIDE THAT LOANS OR AN ENTITY  
8 DESIGNATED BY SUCH DEPARTMENT THAT ARE ELIGIBLE FOR GUARANTEES MAY  
9 BE MADE ONLY FOR CERTAIN PURPOSES; TO LIMIT THE AMOUNT OF THE LOAN  
10 GUARANTEES MADE UNDER THIS ACT; TO PRESCRIBE CERTAIN CRITERIA THAT  
11 SHALL BE USED IN THE DETERMINATION OF WHETHER TO GRANT CERTAIN  
12 LOAN GUARANTEES; TO PRESCRIBE THE INFORMATION THAT AN APPLICANT  
13 FOR A LOAN GUARANTEE MUST PROVIDE; TO ESTABLISH A GRANT PROGRAM  
14 FOR COMMUNITY DEVELOPMENT CORPORATIONS; TO ESTABLISH A SPECIAL  
15 FUND IN THE STATE TREASURY DESIGNATED AS THE "COMMUNITY  
16 DEVELOPMENT GRANT FUND" FROM WHICH SUCH GRANTS SHALL BE MADE; TO  
17 PROVIDE THAT DECD SHALL ADMINISTER THE GRANT PROGRAM ESTABLISHED  
18 PURSUANT TO THIS ACT; TO PROVIDE THAT DECD SHALL ESTABLISH  
19 CRITERIA FOR AWARDING GRANTS AND THE AMOUNT OF SUCH GRANTS; TO  
20 REQUIRE THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT TO  
21 ESTABLISH A JOB RECRUITMENT, TRAINING, DEVELOPMENT, COUNSELING,  
22 MOTIVATION AND REFERRAL SERVICES PROGRAM FOR LESS DEVELOPED  
23 COUNTIES OF THE STATE TO ASSIST CHRONICALLY UNEMPLOYED PERSONS IN  
24 OVERCOMING BARRIERS THAT MAY BLOCK SUCCESSFUL EMPLOYMENT; TO AMEND  
25 SECTION 57-61-34, MISSISSIPPI CODE OF 1972, TO INCREASE FROM  
26 \$5,000,000.00 TO \$8,000,000.00 THE AMOUNT OF BOND PROCEEDS THAT  
27 THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT MAY MAKE  
28 AVAILABLE AS INTEREST BEARING LOANS TO AID IN THE ESTABLISHMENT OF  
29 BUSINESS INCUBATION CENTERS AND THE CREATION OF NEW AND EXPANDING  
30 TECHNOLOGY-BASED BUSINESS AND INDUSTRY; TO CREATE A NEW CODE  
31 SECTION TO BE CODIFIED AS SECTION 57-61-45, MISSISSIPPI CODE OF  
32 1972, TO REQUIRE THAT NOT MORE THAN \$2,000,000.00 OF CERTAIN BOND  
33 PROCEEDS FOR A GRANT TO PROVIDE FUNDS FOR THE COMMUNITY  
34 DEVELOPMENT GRANT FUND; AND FOR RELATED PURPOSES.

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

36 SECTION 1. This act may be cited as the Economic Development  
37 Act of 1999.

38 SECTION 2. Sections 2 through 13 of this act may be cited as  
39 the Child Day Care Loan Guarantee Act of 1999.

40 SECTION 3. The purpose of this act is to encourage lenders  
41 to make loans available to child day care providers for the  
42 purpose of financing the development and expansion of child day

43 care centers in less developed counties of the state and to  
44 increase the quality and availability of child day care and  
45 employment opportunities in these areas.

46 SECTION 4. As used in this act:

47 (a) "DECD" means the Department of Economic and  
48 Community Development.

49 (b) "Designated entity" means an entity designated to  
50 administer the Child Day Care Loan Guarantee Fund pursuant to  
51 Section 6 of this act.

52 (c) "Child day care provider" means a person providing  
53 or planning to provide child day care.

54 (d) "Less developed counties" means those counties  
55 designated as less developed as provided for in Section 57-73-21,  
56 Mississippi Code of 1972.

57 (e) "Fund" means the Child Day Care Loan Guarantee  
58 Fund.

59 SECTION 5. There is created in the State Treasury a special  
60 fund to be known as the "Child Day Care Loan Guarantee Fund,"  
61 into which shall be deposited such money as the Legislature may  
62 provide by appropriation and any other money received by DECD for  
63 the purposes of this act from any other source. Money in the fund  
64 shall be used to guarantee loans made by lenders to qualifying  
65 child day care providers to finance the development or expansion  
66 of child day care centers in less developed counties. The fund  
67 shall be administered by DECD or a designated entity and money in  
68 the fund shall be expended upon appropriation by the Legislature.  
69 Unexpended amounts remaining in the fund at the end of the state  
70 fiscal year shall not lapse into the State General Fund, and any  
71 interest earned on amount in the fund shall be deposited to the  
72 credit of the fund.

73 SECTION 6. DECD shall:

74 (a) Administer the fund or designate an appropriate  
75 entity to administer the fund.

76 (b) Develop a loan approval process and such process  
77 shall be managed in accordance with the policies DECD establishes.

78 (c) Monitor projects to ensure compliance with  
79 applicable state and federal laws, rules and relevant court

80 decisions.

81 (d) Develop procedures for managing defaults and for  
82 enforcing the obligations of borrowers to repay loans.

83 SECTION 7. In making loan guarantees under this act, DECD or  
84 the designated entity shall give priority to child day care  
85 providers that serve or intend to serve less developed counties  
86 that demonstrate the greatest need for child day care services.  
87 DECD or the designated entity shall attempt to distribute the loan  
88 guarantees geographically among less developed counties.

89 SECTION 8. Loans that are eligible for guarantees under this  
90 act may be made only for the following reasons:

91 (a) The construction, purchase, lease or improvement of  
92 buildings or other facilities.

93 (b) The purchase or improvement of land.

94 (c) The purchase or lease of equipment, including  
95 vehicles.

96 (d) Start-up and operation costs.

97 (e) Initial operating expenses.

98 SECTION 9. Loan guarantees under this act shall be subject  
99 to the following restrictions:

100 (a) A loan guarantee shall not be granted in an amount  
101 greater than Seventy-five Thousand Dollars (\$75,000.00).

102 (b) Not more than eighty percent (80%) of a loan shall  
103 be guaranteed.

104 (c) The aggregate amount of loan guarantees issued  
105 pursuant to this act shall not exceed five (5) times the amount  
106 deposited in the fund.

107 SECTION 10. In determining whether to grant a loan guarantee  
108 to a child day care provider who has a history of operating or  
109 owning a child day care center DECD or the designated entity shall  
110 use the following criteria:

111 (a) Quality of programming and staff.

112 (b) Ratio of children to staff.

- 113 (c) Quality of facilities.
- 114 (d) Degree of coordination with Head Start or other  
115 programs.
- 116 (e) Quality of administrative and financial management.
- 117 (f) History of compliance with child day care licensing  
118 or registration requirements.
- 119 (g) Ability to repay.

120 SECTION 11. DECD shall formulate criteria to be utilized in  
121 determining whether to grant a loan guarantee to a child day care  
122 provider that does not have a history of operating or owning a  
123 child day care center.

124 SECTION 12. An applicant for a guarantee under this act  
125 shall supply DECD or the designated entity with the following:

- 126 (a) A detailed description of the project.
- 127 (b) A disclosure of additional funds, if any, that are  
128 available to the applicant.
- 129 (c) Information that relates to the inability of the  
130 applicant to obtain adequate financing on reasonable terms through  
131 normal lending channels, such as a letter from a lender certifying  
132 that it would not grant credit without the loan guarantee.
- 133 (d) Credit references, if available, for the applicant.
- 134 (e) A five-year projected budget.
- 135 (f) A comprehensive business plan that includes the  
136 applicant's plans in the areas of:
- 137 (i) Debt reduction;
- 138 (ii) Marketing;
- 139 (iii) Staff training;
- 140 (iv) Facility improvement; and
- 141 (v) Program improvement.
- 142 (g) Such other information as DECD may require.

143 SECTION 13. Upon default by a borrower, the lender,  
144 consistent with its current collections policies, shall exercise  
145 reasonable diligence in its collection efforts before the fund

146 shall be liable for the default.

147 SECTION 14. Sections 14 and 15 of this act may be cited as  
148 the "Community Development Corporation Grant Act of 1999."

149 SECTION 15. (1) As used in this section:

150 (a) "Community development corporation" means a  
151 nonprofit corporation:

152 (i) Tax-exempt pursuant to Section 501(c)(3) of  
153 the Internal Revenue Code of 1986;

154 (ii) Whose primary mission is to develop and  
155 improve low-income communities and neighborhoods through economic  
156 and related development;

157 (iii) Whose activities and decisions are  
158 initiated, managed and controlled by the constituents of those  
159 local communities; and

160 (iv) Whose primary function is to act as  
161 deal-maker and packager of opportunities to become owners,  
162 managers and producers of small businesses, affordable housing and  
163 jobs designed to produce positive cash flow and curb blight in the  
164 target community.

165 (b) "DECD" means the Department of Economic and  
166 Community Development.

167 (c) "Fund" means the Community Development Grant Fund.

168 (2) There is created in the State Treasury a special fund to  
169 be known as the "Community Development Grant Fund" into which  
170 shall be deposited such money as the Legislature shall provide by  
171 appropriation and any money received by DECD from any other source  
172 for the purpose of providing grants pursuant to this section.  
173 Money in the fund shall be used to provide grants to community  
174 development corporations. The fund shall be administered by DECD,  
175 and money in the fund shall be expended upon appropriation by the  
176 Legislature. Unexpended amounts remaining in the fund and the end  
177 of the state fiscal year shall not lapse into the State General  
178 Fund, and any interest earned on amounts in the fund shall be

179 deposited to the credit of the fund.

180 (3) DECD shall award grants to community development  
181 corporations from the fund to support the operations and  
182 activities of community development corporations. All community  
183 development corporations shall be eligible for grants. DECD shall  
184 establish and implement performance-based criteria for determining  
185 which community development corporations shall receive a grant and  
186 the amount of grants awarded.

187 SECTION 16. The Department of Economic and Community  
188 Development shall establish and maintain a job recruitment,  
189 training, development, counseling, motivation and referral  
190 services program for less developed counties of this state. The  
191 focus of such program shall be to assist chronically unemployed  
192 persons in less developed counties in overcoming barriers that may  
193 block successful employment. The services provided under this  
194 program shall include, but not be limited to, the following:

- 195 (a) Recruitment for available positions;
- 196 (b) Job orientation;
- 197 (c) Job related counseling;
- 198 (d) Motivational services;
- 199 (e) Tutoring of job applicants when appropriate;
- 200 (f) Training;
- 201 (g) Job placement;
- 202 (h) Follow-up services to ensure successful employment;
- 203 (i) Referrals to social services where appropriate.

204 (2) The Department of Economic and Community Development may  
205 contract with a public or private entity to administer the program  
206 authorized in subsection (1) of this section.

207 (3) As used in this section the term "less developed  
208 counties" shall mean the counties designated as such under Section  
209 57-73-21, Mississippi Code of 1972.

210 SECTION 17. Section 57-61-34, Mississippi Code of 1972, is  
211 amended as follows:

212           57-61-34. Notwithstanding any provision of this chapter to  
213 the contrary, the Department of Economic and Community Development  
214 shall utilize not more than Eight Million Dollars (\$8,000,000.00)  
215 out of the proceeds of bonds authorized to be issued in this  
216 chapter to be made available as interest-bearing loans to  
217 municipalities or private companies to aid in the establishment of  
218 business incubation centers and the creation of new and expanding  
219 technology-based business and industry.

220           In exercising the power given it under this section, the  
221 department shall work in conjunction with the University Research  
222 Center \* \* \*.

223           The requirements of Section 57-61-9 shall not apply to any  
224 loan made under this section. The Department of Economic and  
225 Community Development shall establish criteria and guidelines to  
226 govern loans made pursuant to this section.

227           SECTION 18. The following provision shall be codified as  
228 Section 51-61-45, Mississippi Code of 1972:

229           57-61-45. Notwithstanding any provision of this chapter to  
230 the contrary, the Department of Economic and Community Development  
231 shall utilize not more than Two Million Dollars (\$2,000,000.00)  
232 out of the proceeds of bonds issued in this chapter to provide a  
233 grant to provide funds for the Community Development Grant Fund  
234 established in Section 15 of Senate Bill No. 2423, 1999 Regular  
235 Session.

236           The requirements of Section 57-61-9, Mississippi Code of  
237 1972, shall not apply to the grant made under this section.

238           SECTION 19. This act shall take effect and be in force from  
239 and after July 1, 1999.