

By: Senator(s) Smith

To: Finance

SENATE BILL NO. 3102

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 AMEND SECTION 69-2-19,
12 MISSISSIPPI CODE OF 1972, TO INCREASE FROM \$95,000,000.00 TO
13 \$103,000,000.00, THE AMOUNT OF BONDS THAT MAY BE ISSUED TO PROVIDE
14 FUNDS FOR THE EMERGING CROPS FUND; AND FOR RELATED PURPOSES.

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

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

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

33 loans made from the fund.

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

47 (b) The Mississippi Business Finance Corporation may,
48 out of the total amount of bonds authorized to be issued under
49 this chapter, make available funds to any planning and development
50 district in accordance with the criteria established in Section
51 57-71-11. Planning and development districts which receive monies
52 pursuant to this provision shall use such monies to make loans to
53 private companies for purposes consistent with this subsection.

54 (c) The Mississippi Business Finance Corporation is
55 hereby authorized to engage legal services, financial advisors,
56 appraisers and consultants if needed to review and close loans
57 made hereunder and to establish and assess reasonable fees
58 including, but not limited to, liquidation expenses.

59 (3) The department shall, in addition to the other programs
60 described in this section, provide for a program of loans to be
61 made to agribusiness enterprises for the purpose of encouraging
62 thereby the extension of conventional financing and the issuance
63 of letters of credit to such agribusiness enterprises by private
64 institutions. Monies to make such loans by the department shall
65 be drawn from the Emerging Crops Fund. The amount of a loan to
66 any single agribusiness enterprise shall not exceed twenty percent
67 (20%) of the total cost of the project for which financing is
68 sought or Two Hundred Thousand Dollars (\$200,000.00), whichever is
69 less. No interest shall be charged on such loans, and only the

70 amount actually loaned shall be required to be repaid. Repayments
71 shall be deposited into the Emerging Crops Fund.

72 (4) Through June 30, 1999, the Mississippi Business Finance
73 Corporation may loan or grant to qualified planning and
74 development districts, and to small business investment
75 corporations, bank-based community development corporations, the
76 Recruitment and Training Program, Inc., the City of Jackson
77 Business Development Loan Fund, the Lorman Southwest Mississippi
78 Development Corporation, the West Jackson Community Development
79 Corporation, the East Mississippi Development Corporation, and
80 other entities meeting the criteria established by the Mississippi
81 Business Corporation (all referred to hereinafter as "qualified
82 entities"), funds for the purpose of establishing loan revolving
83 funds to assist in providing financing for minority economic
84 development. The monies loaned or granted by the Mississippi
85 Business Finance Corporation shall be drawn from the Emerging
86 Crops Fund and shall not exceed Twenty-four Million Dollars
87 (\$24,000,000.00) in the aggregate. Planning and development
88 districts or qualified entities which receive monies pursuant to
89 this provision shall use such monies to make loans to minority
90 business enterprises consistent with criteria established by the
91 Mississippi Business Finance Corporation. Such criteria shall
92 include, at a minimum, the following:

93 (a) The business enterprise must be a private,
94 for-profit enterprise.

95 (b) If the business enterprise is a proprietorship, the
96 borrower must be a resident citizen of the State of Mississippi;
97 if the business enterprise is a corporation or partnership, at
98 least fifty percent (50%) of the owners must be resident citizens
99 of the State of Mississippi.

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

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

103 loan.

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

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

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

120 (h) The maximum amount that may be loaned to any one
121 (1) borrower shall be Two Hundred Fifty Thousand Dollars
122 (\$250,000.00).

123 (i) The Mississippi Business Finance Corporation shall
124 review each loan before it is made, and no loan shall be made to
125 any borrower until the loan has been reviewed and approved by the
126 Mississippi Business Finance Corporation.

127 For the purpose of this subsection, the term "minority
128 business enterprise" means a socially and economically
129 disadvantaged small business concern, organized for profit,
130 performing a commercially useful function which is owned and
131 controlled by one or more minorities or minority business
132 enterprises certified by the Mississippi Business Finance
133 Corporation, at least fifty percent (50%) of whom are resident
134 citizens of the State of Mississippi. For purposes of this
135 subsection, the term "socially and economically disadvantaged

136 small business concern" shall have the meaning ascribed to such
137 term under the Small Business Act (15 USCS, Section 637(a)), or
138 women, and the term "owned and controlled" means a business in
139 which one or more minorities or minority business enterprises
140 certified by the Mississippi Business Finance Corporation own
141 sixty percent (60%) or, in the case of a corporation, sixty
142 percent (60%) of the voting stock, and control sixty percent (60%)
143 of the management and daily business operations of the business.

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

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

165 (6) The Mississippi Business Finance Corporation may loan or
166 grant to public entities and to nonprofit corporations funds to
167 defray the expense of financing (or to match any funds available
168 from other public or private sources for the expense of financing)

169 projects in this state which are devoted to the study, teaching
170 and/or promotion of regional crafts and which are deemed by the
171 corporation to be significant tourist attractions. The monies
172 loaned or granted shall be drawn from the Emerging Crops Fund and
173 shall not exceed Two Hundred Fifty Thousand Dollars (\$250,000.00)
174 in the aggregate.

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

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

197 (9) The Mississippi Business Finance Corporation shall make
198 available to the Mississippi Department of Agriculture and
199 Commerce for disbursement, upon warrant or warrants issued by the
200 State Fiscal Officer upon requisitions made by the Commissioner of
201 Agriculture and Commerce, or his designee, to the Certified Cotton

202 Growers Organization, as defined in Section 69-37-5, funds on a
203 one-time basis in a lump sum, an amount not to exceed Two Million
204 Dollars (\$2,000,000.00) for the purpose of assisting in carrying
205 out the purposes of the Mississippi Boll Weevil Management Act.
206 The monies made available by the Mississippi Business Finance
207 Corporation shall be drawn from the Emerging Crops Fund. This
208 subsection (9) shall be repealed from and after June 30, 1999.

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

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

225 (12) The Mississippi Business Finance Corporation shall make
226 available to the Mississippi Forestry Commission for Fiscal Year
227 1999 a lump sum amount not to exceed Three Million Dollars
228 (\$3,000,000.00) to be drawn from the Emerging Crops Fund and used
229 for the purpose of replacing fire fighting units/equipment. This
230 subsection (12) shall be repealed from and after June 30, 1999.

231 (13) In addition to the amount provided in subsection (11)
232 of this section, the Mississippi Business Finance Corporation
233 shall make available to the Mississippi Forestry Commission for
234 Fiscal Year 1999 a lump sum amount not to exceed Five Hundred

235 Thousand Dollars (\$500,000.00) to be drawn from the Emerging Crops
236 Fund and used for the commission's Reforestation Cost-Share
237 Program. This subsection (13) shall be repealed from and after
238 June 30, 1999.

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

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

249 69-2-19. The State Department of Economic and Community
250 Development is authorized, at one time or from time to time, to
251 declare by resolution the necessity for issuance of negotiable
252 general obligation bonds of the State of Mississippi to provide
253 funds for the Emerging Crops Fund established in Section 69-2-13.
254 Upon the adoption of a resolution by the board, declaring the
255 necessity for the issuance of any part or all of the general
256 obligation bonds authorized by Sections 69-2-19 through 69-2-39,
257 the department shall deliver a certified copy of its resolution or
258 resolutions to the State Bond Commission. Upon receipt of same,
259 the State Bond Commission, in its discretion, shall act as the
260 issuing agent, prescribe the form of the bonds, advertise for and
261 accept bids, issue and sell the bonds so authorized to be sold,
262 and do any and all other things necessary and advisable in
263 connection with the issuance and sale of such bonds. The amount
264 of bonds issued under Sections 69-2-19 through 69-2-39 shall not
265 exceed One Hundred Three Million Dollars (\$103,000,000.00) in the
266 aggregate. No bonds may be issued under Sections 69-2-19 through
267 69-2-39 after October 1, 2003.

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