

By: Ford

To: Agriculture; Ways and
MeansCOMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 340

1 AN ACT TO REENACT AND AMEND SECTION 69-2-13, MISSISSIPPI CODE
2 OF 1972, WHICH ESTABLISHES THE EMERGING CROPS FUNDS AND PRESCRIBES
3 ITS FUNCTION AND ADMINISTRATION, TO EXTEND THE DATE OF THE
4 REPEALER CONCERNING THE SMALL FARM DEVELOPMENT CENTER AT ALCORN
5 STATE UNIVERSITY; TO PROVIDE A MORATORIUM ON CERTAIN NEW POULTRY
6 LOANS; AND FOR RELATED PURPOSES.

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

8 SECTION 1. Section 69-2-13, Mississippi Code of 1972, is
9 reenacted and amended as follows:

10 69-2-13. (1) There is hereby established in the State
11 Treasury a fund to be known as the "Emerging Crops Fund," which
12 shall be used to pay the interest on loans made to farmers for
13 nonland capital costs of establishing production of emerging crops
14 on land in Mississippi, and to make loans and grants which are
15 authorized under this section to be made from the fund. The fund
16 shall be administered by the Mississippi Department of Economic
17 and Community Development. A board comprised of the directors of
18 the department, the Mississippi Cooperative Extension Service, the
19 Mississippi Small Farm Development Center and the Mississippi
20 Agricultural and Forestry Experiment Station, or their designees,
21 shall develop definitions, guidelines and procedures for the
22 implementation of this chapter. Funds for the Emerging Crops Fund
23 shall be provided from the issuance of bonds or notes under
24 Sections 69-2-19 through 69-2-37 and from repayment of interest
25 loans made from the fund.

26 (2) (a) The Mississippi Business Finance Corporation shall
27 develop a program which gives fair consideration to making loans
28 for the processing and manufacturing of goods and services by

29 agribusiness and small business concerns. It is the policy of the
30 State of Mississippi that such corporation shall give due
31 recognition to and shall aid, counsel, assist and protect, insofar
32 as is possible, the interests of agribusiness and small business
33 concerns. To ensure that the purposes of this subsection are
34 carried out, the corporation shall loan not more than One Million
35 Dollars (\$1,000,000.00) to finance any single agribusiness or
36 small business concern. Loans made pursuant to this subsection
37 shall be made in accordance with the criteria established in
38 Section 57-71-11.

39 (b) The Mississippi Business Finance Corporation may,
40 out of the total amount of bonds authorized to be issued under
41 this chapter, make available funds to any planning and development
42 district in accordance with the criteria established in Section
43 57-71-11. Planning and development districts which receive monies
44 pursuant to this provision shall use such monies to make loans to
45 private companies for purposes consistent with this subsection.

46 (c) The Mississippi Business Finance Corporation is
47 hereby authorized to engage legal services, financial advisors,
48 appraisers and consultants if needed to review and close loans
49 made hereunder and to establish and assess reasonable fees
50 including, but not limited to, liquidation expenses.

51 (3) The department shall, in addition to the other programs
52 described in this section, provide for a program of loans to be
53 made to agribusiness enterprises for the purpose of encouraging
54 thereby the extension of conventional financing and the issuance
55 of letters of credit to such agribusiness enterprises by private
56 institutions. Monies to make such loans by the department shall
57 be drawn from the Emerging Crops Fund. The amount of a loan to
58 any single agribusiness enterprise shall not exceed twenty percent
59 (20%) of the total cost of the project for which financing is
60 sought or Two Hundred Thousand Dollars (\$200,000.00), whichever is
61 less. No interest shall be charged on such loans, and only the
62 amount actually loaned shall be required to be repaid. Repayments
63 shall be deposited into the Emerging Crops Fund. Until June 30,
64 2001, new loans may not be approved under this section for any new
65 construction of poultry houses except for poultry houses on those

66 poultry farms in existence on the effective date of this act.

67 (4) Through June 30, 1999, the Mississippi Business Finance
68 Corporation may loan or grant to qualified planning and
69 development districts, and to small business investment
70 corporations, bank-based community development corporations, the
71 Recruitment and Training Program, Inc., the City of Jackson
72 Business Development Loan Fund, the Lorman Southwest Mississippi
73 Development Corporation, the West Jackson Community Development
74 Corporation, the East Mississippi Development Corporation, and
75 other entities meeting the criteria established by the Mississippi
76 Business Corporation (all referred to hereinafter as "qualified
77 entities"), funds for the purpose of establishing loan revolving
78 funds to assist in providing financing for minority economic
79 development. The monies loaned or granted by the Mississippi
80 Business Finance Corporation shall be drawn from the Emerging
81 Crops Fund and shall not exceed Sixteen Million Dollars
82 (\$16,000,000.00) in the aggregate. Planning and development
83 districts or qualified entities which receive monies pursuant to
84 this provision shall use such monies to make loans to minority
85 business enterprises consistent with criteria established by the
86 Mississippi Business Finance Corporation. Such criteria shall
87 include, at a minimum, the following:

88 (a) The business enterprise must be a private,
89 for-profit enterprise.

90 (b) If the business enterprise is a proprietorship, the
91 borrower must be a resident citizen of the State of Mississippi;
92 if the business enterprise is a corporation or partnership, at
93 least fifty percent (50%) of the owners must be resident citizens
94 of the State of Mississippi.

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

97 (d) The borrower must demonstrate ability to repay the
98 loan.

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

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

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

115 (h) The maximum amount that may be loaned to any one
116 (1) borrower shall be Two Hundred Fifty Thousand Dollars
117 (\$250,000.00).

118 (i) The Mississippi Business Finance Corporation shall
119 review each loan before it is made, and no loan shall be made to
120 any borrower until the loan has been reviewed and approved by the
121 Mississippi Business Finance Corporation.

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

132 term under the Small Business Act (15 USCS, Section 637(a)), or
133 women, and the term "owned and controlled" means a business in
134 which one or more minorities or minority business enterprises
135 certified by the Mississippi Business Finance Corporation own
136 sixty percent (60%) or, in the case of a corporation, sixty
137 percent (60%) of the voting stock, and control sixty percent (60%)
138 of the management and daily business operations of the business.

139 From and after July 1, 1999, monies not loaned or granted by
140 the Business Finance Corporation to planning and development
141 districts or qualified entities under this subsection, and monies
142 not loaned by planning and development districts or qualified
143 entities, shall be deposited to the credit of the sinking fund
144 created and maintained in the State Treasury for the retirement of
145 bonds issued under Section 69-2-19.

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

160 (6) The Mississippi Business Finance Corporation may loan or
161 grant to public entities and to nonprofit corporations funds to
162 defray the expense of financing (or to match any funds available
163 from other public or private sources for the expense of financing)
164 projects in this state which are devoted to the study, teaching

165 and/or promotion of regional crafts and which are deemed by the
166 corporation to be significant tourist attractions. The monies
167 loaned or granted shall be drawn from the Emerging Crops Fund and
168 shall not exceed Two Hundred Fifty Thousand Dollars (\$250,000.00)
169 in the aggregate.

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

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

192 (9) The Mississippi Business Finance Corporation shall make
193 available to the Mississippi Department of Agriculture and
194 Commerce for disbursement, upon warrant or warrants issued by the
195 State Fiscal Officer upon requisitions made by the Commissioner of
196 Agriculture and Commerce, or his designee, to the Certified Cotton
197 Growers Organization, as defined in Section 69-37-5, funds on a

198 one-time basis in a lump sum, an amount not to exceed Two Million
199 Dollars (\$2,000,000.00) for the purpose of assisting in carrying
200 out the purposes of the Mississippi Boll Weevil Management Act.
201 The monies made available by the Mississippi Business Finance
202 Corporation shall be drawn from the Emerging Crops Fund. This
203 subsection (9) shall be repealed from and after June 30, 1999.

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

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

220 (12) The Mississippi Business Finance Corporation shall make
221 available to the Mississippi Forestry Commission for fiscal year
222 1999 a lump sum amount not to exceed Three Million Dollars
223 (\$3,000,000.00) to be drawn from the Emerging Crop Fund and used
224 for the purpose of replacing fire fighting units/equipment. This
225 subsection (12) shall be repealed from and after June 30, 1999.

226 (13) In addition to the amount provided in subsection (11)
227 of this section, the Mississippi Business Finance Corporation
228 shall make available to the Mississippi Forestry Commission for
229 fiscal year 1999 a lump sum amount not to exceed Five Hundred
230 Thousand Dollars (\$500,000.00) to be drawn from the Emerging Crop

231 Fund and used for the commission's Reforestation Cost-Share
232 Program. This subsection (13) shall be repealed from and after
233 June 30, 1999.

234 (14) The Mississippi Business Finance Corporation shall make
235 available to the Small Farm Development Center at Alcorn State
236 University for fiscal year 1999 funds in the amount of Fifty
237 Thousand Dollars (\$50,000.00) and for fiscal year 2000 funds in
238 the amount of Fifty Thousand Dollars (\$50,000.00) to be drawn from
239 the Emerging Crops Fund to support a cooperative program for
240 agribusiness development in Mississippi. This subsection (14)
241 shall be repealed from and after June 30, 2002.

242 SECTION 2. This act shall take effect and be in force from
243 and after its passage.