

By: Ford

To: Agriculture; Ways and Means

HOUSE BILL NO. 340  
(As Passed the House)

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) and for fiscal  
239 year 2001 funds in the amount of Fifty Thousand Dollars  
240 (\$50,000.00) and for fiscal year 2002 funds in the amount of Fifty  
241 Thousand Dollars (\$50,000.00) to be drawn from the Emerging Crops  
242 Fund to support a cooperative program for agribusiness development  
243 in Mississippi. This subsection (14) shall be repealed from and  
244 after June 30, 2002.

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