

By: Ford

To: Agriculture; Ways and Means

HOUSE BILL NO. 340
(As Sent to Governor)

1 AN ACT TO AMEND SECTION 69-2-13, MISSISSIPPI CODE OF 1972, TO
2 EXTEND THE PROGRAM THAT AUTHORIZES THE MISSISSIPPI BUSINESS
3 FINANCE CORPORATION TO LOAN OR GRANT FUNDS TO CERTAIN ENTITIES FOR
4 LOAN REVOLVING FUNDS TO ASSIST IN PROVIDING FINANCING FOR MINORITY
5 ECONOMIC DEVELOPMENT AND TO INCREASE THE AMOUNT THAT MAY BE DRAWN
6 FOR SUCH PURPOSE FROM THE EMERGING CROPS FUND FROM \$16,000,000.00
7 TO \$18,000,000.00; TO AUTHORIZE THE PROGRAM THAT GUARANTEES
8 CERTAIN BONDS THAT MINORITY BUSINESSES ARE REQUIRED TO OBTAIN
9 CONTRACTS WITH GOVERNMENTAL ENTITIES TO APPLY TO CONTRACTS WITH
10 FEDERAL AGENCIES; TO PROVIDE THAT THE MISSISSIPPI BUSINESS FINANCE
11 CORPORATION SHALL MAKE FUNDS AVAILABLE FROM THE EMERGING CROPS
12 FUND TO THE AGRIBUSINESS AND NATURAL RESOURCE DEVELOPMENT CENTER
13 THROUGH ALCORN STATE UNIVERSITY TO SUPPORT THE DEVELOPMENT OF A
14 COOPERATIVE PROGRAM FOR AGRIBUSINESS DEVELOPMENT, MARKETING AND
15 NATURAL RESOURCES DEVELOPMENT; TO PROVIDE THAT THE MISSISSIPPI
16 BUSINESS FINANCE CORPORATION SHALL MAKE FUNDS AVAILABLE FROM THE
17 EMERGING CROPS FUND TO THE SMALL FARM DEVELOPMENT CENTER AT ALCORN
18 STATE UNIVERSITY TO BE USED BY THE SMALL FARM DEVELOPMENT CENTER
19 TO MAKE LOANS TO PRODUCERS OF SWEET POTATOES AND COOPERATIVES IN
20 THE STATE OWNED BY SWEET POTATO PRODUCERS TO ASSIST IN THE
21 PLANTING OF SWEET POTATOES AND THE PURCHASE OF SWEET POTATO
22 PRODUCTION AND HARVESTING EQUIPMENT; TO PROVIDE THAT THE
23 MISSISSIPPI BUSINESS FINANCE CORPORATION SHALL MAKE FUNDS
24 AVAILABLE FROM THE EMERGING CROPS FUND TO THE MISSISSIPPI
25 DEPARTMENT OF AGRICULTURE AND COMMERCE "MAKE MISSISSIPPI MINE"
26 PROGRAM; AND FOR RELATED PURPOSES.

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

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

30 69-2-13. (1) There is hereby established in the State
31 Treasury a fund to be known as the "Emerging Crops Fund," which
32 shall be used to pay the interest on loans made to farmers for
33 nonland capital costs of establishing production of emerging crops
34 on land in Mississippi, and to make loans and grants which are
35 authorized under this section to be made from the fund. The fund
36 shall be administered by the Mississippi Department of Economic
37 and Community Development. A board comprised of the directors of
38 the department, the Mississippi Cooperative Extension Service, the

39 Mississippi Small Farm Development Center and the Mississippi
40 Agricultural and Forestry Experiment Station, or their designees,
41 shall develop definitions, guidelines and procedures for the
42 implementation of this chapter. Funds for the Emerging Crops Fund
43 shall be provided from the issuance of bonds or notes under
44 Sections 69-2-19 through 69-2-37 and from repayment of interest
45 loans made from the fund.

46 (2) (a) The Mississippi Business Finance Corporation shall
47 develop a program which gives fair consideration to making loans
48 for the processing and manufacturing of goods and services by
49 agribusiness, greenhouse production horticulture, and small
50 business concerns. It is the policy of the State of Mississippi
51 that such corporation shall give due recognition to and shall aid,
52 counsel, assist and protect, insofar as is possible, the interests
53 of agribusiness, greenhouse production horticulture, and small
54 business concerns. To ensure that the purposes of this subsection
55 are carried out, the corporation shall loan not more than One
56 Million Dollars (\$1,000,000.00) to finance any single
57 agribusiness, greenhouse production horticulture, or small
58 business concern. Loans made pursuant to this subsection shall be
59 made in accordance with the criteria established in Section
60 57-71-11.

61 (b) The Mississippi Business Finance Corporation may,
62 out of the total amount of bonds authorized to be issued under
63 this chapter, make available funds to any planning and development
64 district in accordance with the criteria established in Section
65 57-71-11. Planning and development districts which receive monies
66 pursuant to this provision shall use such monies to make loans to
67 private companies for purposes consistent with this subsection.

68 (c) The Mississippi Business Finance Corporation is
69 hereby authorized to engage legal services, financial advisors,
70 appraisers and consultants if needed to review and close loans
71 made hereunder and to establish and assess reasonable fees
72 including, but not limited to, liquidation expenses.

73 (3) The department shall, in addition to the other programs
74 described in this section, provide for a program of loans to be
75 made to agribusiness or greenhouse production horticulture

76 enterprises for the purpose of encouraging thereby the extension
77 of conventional financing and the issuance of letters of credit to
78 such agribusiness or greenhouse production horticulture
79 enterprises by private institutions. Monies to make such loans by
80 the department shall be drawn from the Emerging Crops Fund. The
81 amount of a loan to any single agribusiness or greenhouse
82 production horticulture enterprise shall not exceed twenty percent
83 (20%) of the total cost of the project for which financing is
84 sought or Two Hundred Thousand Dollars (\$200,000.00), whichever is
85 less. No interest shall be charged on such loans, and only the
86 amount actually loaned shall be required to be repaid. Repayments
87 shall be deposited into the Emerging Crops Fund.

88 (4) Through June 30, 2002, the Mississippi Business Finance
89 Corporation may loan or grant to qualified planning and
90 development districts, and to small business investment
91 corporations, bank-based community development corporations, the
92 Recruitment and Training Program, Inc., the City of Jackson
93 Business Development Loan Fund, the Lorman Southwest Mississippi
94 Development Corporation, the West Jackson Community Development
95 Corporation, the East Mississippi Development Corporation, and
96 other entities meeting the criteria established by the Mississippi
97 Business Corporation (all referred to hereinafter as "qualified
98 entities"), funds for the purpose of establishing loan revolving
99 funds to assist in providing financing for minority economic
100 development. The monies loaned or granted by the Mississippi
101 Business Finance Corporation shall be drawn from the Emerging
102 Crops Fund and shall not exceed Eighteen Million Dollars
103 (\$18,000,000.00) in the aggregate. Planning and development
104 districts or qualified entities which receive monies pursuant to
105 this provision shall use such monies to make loans to minority
106 business enterprises consistent with criteria established by the
107 Mississippi Business Finance Corporation. Such criteria shall
108 include, at a minimum, the following:

109 (a) The business enterprise must be a private,
110 for-profit enterprise.

111 (b) If the business enterprise is a proprietorship, the
112 borrower must be a resident citizen of the State of Mississippi;
113 if the business enterprise is a corporation or partnership, at
114 least fifty percent (50%) of the owners must be resident citizens
115 of the State of Mississippi.

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

118 (d) The borrower must demonstrate ability to repay the
119 loan.

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

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

127 (g) Loan proceeds shall not be used to pay off existing
128 debt for loan consolidation purposes; to finance the acquisition,
129 construction, improvement or operation of real property which is
130 to be held primarily for sale or investment; to provide for, or
131 free funds, for speculation in any kind of property; or as a loan
132 to owners, partners or stockholders of the applicant which do not
133 change ownership interest by the applicant. However, this does
134 not apply to ordinary compensation for services rendered in the
135 course of business.

136 (h) The maximum amount that may be loaned to any one
137 (1) borrower shall be Two Hundred Fifty Thousand Dollars
138 (\$250,000.00).

139 (i) The Mississippi Business Finance Corporation shall
140 review each loan before it is made, and no loan shall be made to
141 any borrower until the loan has been reviewed and approved by the

142 Mississippi Business Finance Corporation.

143 For the purpose of this subsection, the term "minority
144 business enterprise" means a socially and economically
145 disadvantaged small business concern, organized for profit,
146 performing a commercially useful function which is owned and
147 controlled by one or more minorities or minority business
148 enterprises certified by the Mississippi Business Finance
149 Corporation, at least fifty percent (50%) of whom are resident
150 citizens of the State of Mississippi. For purposes of this
151 subsection, the term "socially and economically disadvantaged
152 small business concern" shall have the meaning ascribed to such
153 term under the Small Business Act (15 USCS, Section 637(a)), or
154 women, and the term "owned and controlled" means a business in
155 which one or more minorities or minority business enterprises
156 certified by the Mississippi Business Finance Corporation own
157 sixty percent (60%) or, in the case of a corporation, sixty
158 percent (60%) of the voting stock, and control sixty percent (60%)
159 of the management and daily business operations of the business.

160 From and after July 1, 2002, monies not loaned or granted by
161 the Business Finance Corporation to planning and development
162 districts or qualified entities under this subsection, and monies
163 not loaned by planning and development districts or qualified
164 entities, shall be deposited to the credit of the sinking fund
165 created and maintained in the State Treasury for the retirement of
166 bonds issued under Section 69-2-19.

167 (5) The Mississippi Business Finance Corporation shall
168 develop a program which will assist minority business enterprises
169 by guaranteeing bid, performance and payment bonds which such
170 minority businesses are required to obtain in order to contract
171 with federal agencies, state agencies or political subdivisions of
172 the state. Monies for such program shall be drawn from the monies
173 allocated under subsection (4) of this section to assist the
174 financing of minority economic development and shall not exceed

175 Two Million Dollars (\$2,000,000.00) in the aggregate. The
176 Mississippi Business Finance Corporation may promulgate rules and
177 regulations for the operation of the program established pursuant
178 to this subsection. For the purpose of this subsection (5) the
179 term "minority business enterprise" has the meaning assigned such
180 term in subsection (4) of this section.

181 (6) The Mississippi Business Finance Corporation may loan or
182 grant to public entities and to nonprofit corporations funds to
183 defray the expense of financing (or to match any funds available
184 from other public or private sources for the expense of financing)
185 projects in this state which are devoted to the study, teaching
186 and/or promotion of regional crafts and which are deemed by the
187 corporation to be significant tourist attractions. The monies
188 loaned or granted shall be drawn from the Emerging Crops Fund and
189 shall not exceed Two Hundred Fifty Thousand Dollars (\$250,000.00)
190 in the aggregate.

191 (7) Through June 30, 1998, the Mississippi Business Finance
192 Corporation shall make available to the Mississippi Department of
193 Agriculture and Commerce funds for the purpose of establishing
194 loan revolving funds and other methods of financing for
195 agribusiness programs administered under the Mississippi
196 Agribusiness Council Act of 1993. The monies made available by
197 the Mississippi Business Finance Corporation shall be drawn from
198 the Emerging Crops Fund and shall not exceed Seven Hundred
199 Thousand Dollars (\$700,000.00) in the aggregate. The Mississippi
200 Department of Agriculture and Commerce shall establish control and
201 auditing procedures for use of these funds. These funds will be
202 used primarily for quick payment to farmers for vegetable and
203 fruit crops processed and sold through vegetable processing plants
204 associated with the Department of Agriculture and Commerce and the
205 Mississippi State Extension Service.

206 (8) From and after July 1, 1996, the Mississippi Business
207 Finance Corporation shall make available to the Mississippi Small

208 Farm Development Center One Million Dollars (\$1,000,000.00) to be
209 used by the center to assist small entrepreneurs as provided in
210 Section 37-101-25, Mississippi Code of 1972. The monies made
211 available by the Mississippi Business Finance Corporation shall be
212 drawn from the Emerging Crops Fund.

213 (9) The Mississippi Business Finance Corporation shall make
214 available to the Agribusiness and Natural Resource Development
215 Center through Alcorn State University an amount not to exceed Two
216 Hundred Fifty Thousand Dollars (\$250,000.00) in Fiscal Year 2001
217 and Two Hundred Fifty Thousand Dollars (\$250,000.00) in Fiscal
218 Year 2002 from the cash balance of the Emerging Crops Fund to
219 support the development of a cooperative program for agribusiness
220 development, marketing and natural resources development. This
221 subsection (9) shall stand repealed on June 30, 2002.

222 (10) The Mississippi Business Finance Corporation shall make
223 available to the Small Farm Development Center at Alcorn State
224 University funds in an aggregate amount not to exceed Three
225 Hundred Thousand Dollars (\$300,000.00), to be drawn from the cash
226 balance of the Emerging Crops Fund. The Small Farm Development
227 Center at Alcorn State University shall use such funds to make
228 loans to producers of sweet potatoes and cooperatives anywhere in
229 the State of Mississippi owned by sweet potato producers to assist
230 in the planting of sweet potatoes and the purchase of sweet potato
231 production and harvesting equipment. A report of the loans made
232 under this subsection shall be furnished by January 15 of each
233 year to the Chairman of the Senate Agriculture Committee and the
234 Chairman of the House Agriculture Committee.

235 (11) The Mississippi Business Finance Corporation shall make
236 available to the Mississippi Department of Agriculture and
237 Commerce "Make Mississippi Mine" program an amount not to exceed
238 One Hundred Fifty Thousand Dollars (\$150,000.00) to be drawn from
239 the cash balance of the Emerging Crops Fund.

240 SECTION 2. This act shall take effect and be in force from

241 and after June 1, 2000.