HOUSE BILL NO. 340
(As Sent to Governor)

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

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

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

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

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

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

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

(3) The department shall, in addition to the other programs described in this section, provide for a program of loans to be made to agribusiness or greenhouse production horticulture.
enterprises for the purpose of encouraging thereby the extension
of conventional financing and the issuance of letters of credit to
such agribusiness or greenhouse production horticulture
enterprises by private institutions. Monies to make such loans by
the department shall be drawn from the Emerging Crops Fund. The
amount of a loan to any single agribusiness or greenhouse
production horticulture enterprise shall not exceed twenty percent
(20%) of the total cost of the project for which financing is
sought or Two Hundred Thousand Dollars ($200,000.00), whichever is
less. No interest shall be charged on such loans, and only the
amount actually loaned shall be required to be repaid. Repayments
shall be deposited into the Emerging Crops Fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 2. This act shall take effect and be in force from
and after June 1, 2000.