

By: Scott (80th), Morris

To: Ways and Means

## HOUSE BILL NO. 1403

1 AN ACT TO AMEND SECTION 57-10-511, MISSISSIPPI CODE OF 1972,  
2 TO INCREASE THE AMOUNT OF GRANT FUNDS THAT MAY BE MADE AVAILABLE  
3 TO PLANNING AND DEVELOPMENT DISTRICTS AND QUALIFIED ENTITIES FOR  
4 THE PURPOSE OF PROVIDING ASSISTANCE TO SMALL BUSINESSES UNDER THE  
5 MISSISSIPPI SMALL BUSINESS ASSISTANCE ACT; TO EXTEND THE DATE OF  
6 THE REPEALER ON THE AUTHORITY OF THE MISSISSIPPI DEPARTMENT OF  
7 ECONOMIC AND COMMUNITY DEVELOPMENT TO GRANT FUNDS TO PLANNING AND  
8 DEVELOPMENT OF DISTRICTS AND QUALIFIED ENTITIES FOR THE PURPOSE OF  
9 PROVIDING ASSISTANCE TO SMALL BUSINESSES UNDER THE MISSISSIPPI  
10 SMALL BUSINESS ASSISTANCE ACT; TO AMEND SECTION 57-10-525,  
11 MISSISSIPPI CODE OF 1972, TO INCREASE THE AMOUNT OF BONDS THAT MAY  
12 BE ISSUED UNDER THE MISSISSIPPI SMALL BUSINESS ASSISTANCE ACT FROM  
13 \$29,000,000.00 TO \$41,000,000.00; AND FOR RELATED PURPOSES.

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

15 SECTION 1. Section 57-10-511, Mississippi Code of 1972, is  
16 amended as follows:

17 57-10-511. (1) DECD shall grant funds under this article to  
18 a planning and development district or qualified entity in  
19 accordance with the following terms and conditions:

20 (a) Grant funds received by a planning and development  
21 district or qualified entity in accordance with this article shall  
22 be used by the planning and development district or qualified  
23 entity to establish a revolving assistance fund for the purpose of  
24 providing assistance to small businesses in accordance with this  
25 article. Except as otherwise allowed in this article, all  
26 principal and interest payments by small businesses in repayment  
27 of such assistance shall be eligible for and used by the planning  
28 and development district or qualified entity for additional  
29 assistance to small businesses in accordance with this article.

30 (b) Each planning and development district meeting the  
31 criteria set forth in this article shall receive an initial grant

32 of not to exceed One Million Dollars (\$1,000,000.00) for the  
33 purpose of establishing the program within its area in accordance  
34 with this article. Each qualified entity meeting the criteria set  
35 forth in this article shall be eligible to receive an initial  
36 grant of Five Hundred Thousand Dollars (\$500,000.00) for the  
37 purpose of establishing the program within the area it serves in  
38 accordance with this article. The total amount of initial grants  
39 to planning and development districts shall not exceed Ten Million  
40 Dollars (\$10,000,000.00) and the total amount of initial grants  
41 for qualified entities shall not exceed Two Million Dollars  
42 (\$2,000,000.00). Each planning and development district or  
43 qualified entity receiving an initial grant shall have twelve (12)  
44 months in which to make binding commitments to provide assistance  
45 to small businesses in the principal amount of the initial grant  
46 in accordance with this article. Grant funds not committed to  
47 provide assistance to small businesses at the end of twelve (12)  
48 months after receipt thereof by the planning and development  
49 district or qualified entity shall be returned to DECD for  
50 placement in a pool to be redistributed by DECD to planning and  
51 development districts or qualified entities which have binding  
52 commitments to distribute as assistance all their initial grant  
53 funds and have pending applications for additional assistance in  
54 accordance with this article. Any planning and development  
55 district or qualified entity returning any such grant funds to  
56 DECD shall be required at the time such initial grant funds are  
57 returned to deliver to the State Treasury, for deposit in the  
58 General Fund, interest on the amount of such returned funds at the  
59 same rate as any bonds or notes of the State of Mississippi issued  
60 pursuant to this article to provide such grant funds.

61 (c) After all of the initial grant funds have been  
62 provided as assistance to small businesses in accordance with this  
63 article, DECD shall distribute additional grant funds to each  
64 planning and development district or qualified entity qualified  
65 under this article to receive and requesting such funds in  
66 whatever amounts DECD deems appropriate and when needed by such  
67 planning and development districts or qualified entities to  
68 provide additional assistance to small businesses in accordance

69 with this article. The schedule for distributing such funds shall  
70 be determined by DECD. Funds distributed to planning and  
71 development districts and qualified entities pursuant to this  
72 paragraph shall be in addition to funds distributed to planning  
73 and development districts and qualified entities pursuant to  
74 paragraph (b) of this section. The total amount of grants issued  
75 pursuant to this paragraph shall not exceed Twenty-nine Million  
76 Dollars (\$29,000,000.00) for planning and development districts or  
77 qualified entities. Grant funds not committed to provide  
78 assistance to small businesses at the end of twelve (12) months  
79 after receipt thereof by the planning and development district or  
80 qualified entity shall be returned to DECD for placement in a pool  
81 to be redistributed by DECD to planning and development districts  
82 or qualified entities which have binding commitments to distribute  
83 as assistance all their initial grant funds and have pending  
84 applications for additional assistance in accordance with this  
85 article. Any planning and development district or qualified  
86 entity returning any such grant funds to DECD shall be required at  
87 the time such grant funds are returned to deliver to the State  
88 Treasury, for deposit in the General Fund, interest on the amount  
89 of such returned funds at the same rate as any bonds or notes of  
90 the State of Mississippi issued pursuant to this article to  
91 provide such grant funds.

92 (d) A planning and development district or qualified  
93 entity participating in the program may utilize not more than  
94 fifty percent (50%) of interest earned on assistance provided to  
95 small businesses in accordance with this article for  
96 administration and management of the program, unless specifically  
97 authorized to utilize more by DECD; provided, however, any  
98 interest earned on grant funds held by a planning and development  
99 district or qualified entity prior to the utilization of such  
100 grant funds to provide assistance to small business shall be  
101 placed in the revolving assistance fund of the planning and

102 development district or qualified entity and shall not be expended  
103 for administration or management costs. Planning and development  
104 districts and qualified entities may retain fifty percent (50%) of  
105 the interest earned on repayment funds that are being held on  
106 deposit in anticipation of relending to aid in the administration  
107 and management of the program. Each planning and development  
108 district and qualified entity shall file annually with the  
109 Secretary of the Senate and the Clerk of the House of  
110 Representatives not later than the first day of each regular  
111 legislative session a report which details any interest retained  
112 or utilized by the planning and development district or qualified  
113 entity pursuant to this paragraph (d).

114 (e) If a planning and development district or qualified  
115 entity participating in the program experiences losses from  
116 assistance provided pursuant to the program in excess of fifty  
117 percent (50%) of the amount of grant funds received by the  
118 planning and development district or qualified entity, the  
119 planning and development district or qualified entity shall repay  
120 the State of Mississippi the amount of such losses in excess of  
121 fifty percent (50%) by delivering that amount to the State  
122 Treasury for deposit in the General Fund.

123 (f) DECD shall assist each planning and development  
124 district or qualified entity participating in the program in  
125 connection with such planning and development district's or  
126 qualified entity's compliance with this article.

127 (g) Each planning and development district or qualified  
128 entity participating in the program shall submit the following  
129 reports to the House Ways and Means Committee and the Senate  
130 Economic Development, Tourism and Parks Committee:

131 (i) An annual audit of grant funds received in  
132 connection with the program; and

133 (ii) A semiannual report on July 15 and January 15  
134 of each year, describing all assistance provided to small

135 businesses pursuant to the program, such reports to include  
136 without limitation the following: a description of each small  
137 business receiving assistance; the project to be assisted and  
138 purpose of assistance; a description of each loan and equity  
139 investment, including the terms and conditions thereof and use of  
140 the funds assistance by the small business; history of the  
141 assistance pool, including principal amount loaned, interest  
142 earned, interest expended for administration and management,  
143 principal amount of equity investments, assistance funds  
144 available, and losses; and a statement of jobs created or retained  
145 as a result of the assistance program.

146 (h) If DECD determines that a district or entity has  
147 provided assistance to small businesses in a manner inconsistent  
148 with the provisions of this article, then the amount of such  
149 assistance so provided shall be withheld by DECD from any  
150 additional grant funds to which the district or entity becomes  
151 entitled under this article. If DECD determines, after notifying  
152 such district or entity twice in writing and providing such  
153 district or entity a reasonable opportunity to comply, that a  
154 planning and development district or qualified entity has  
155 consistently failed to comply with this article in connection with  
156 the program, DECD may declare such planning and development  
157 district or qualified entity in default under the program and,  
158 upon receipt of notice thereof from DECD, such planning and  
159 development district or qualified entity shall immediately cease  
160 providing assistance under the program, shall refund to DECD for  
161 distribution to other planning and development districts or  
162 qualified entities all funds held in its revolving assistance fund  
163 and, if required by DECD, shall convey to DECD all administrative  
164 and management control of assistance provided by it under the  
165 program.

166 (2) This section shall stand repealed on July 1, 2001.

167 SECTION 2. Section 57-10-525, Mississippi Code of 1972, is

168 amended as follows:

169           57-10-525. (1) The seller is authorized to borrow, on the  
170 credit of the state, money not exceeding the aggregate sum of  
171 Forty-one Million Dollars (\$41,000,000.00), not including money  
172 borrowed to refund outstanding bonds, notes or replacement notes,  
173 as may be necessary to carry out the purposes of this article.  
174 The rate of interest on any such bonds or notes which are not  
175 subject to taxation shall not exceed the rates set forth in  
176 Section 75-17-101, Mississippi Code of 1972, for general  
177 obligation bonds.

178           (2) As evidence of indebtedness authorized in this article,  
179 general or limited obligation bonds of the state shall be issued  
180 from time to time to provide monies necessary to carry out the  
181 purposes of this article for such total amount, in such form, in  
182 such denominations, payable in such currencies (either domestic or  
183 foreign or both), and subject to such terms and conditions of  
184 issue, redemption and maturity, rate of interest and time of  
185 payment of interest as the seller directs, except that such bonds  
186 shall mature or otherwise be retired in annual installments  
187 beginning not more than five (5) years from date thereof and  
188 extending not more than twenty (20) years from the date thereof.

189           (3) All bonds and notes issued under authority of this  
190 article shall be signed by the chairman of the seller, or by his  
191 facsimile signature, and the official seal of the seller shall be  
192 affixed thereto, attested by the secretary of the seller.

193           (4) All bonds and notes issued under authority of this  
194 article may be general or limited obligations of the state, and  
195 the full faith and credit of the State of Mississippi as to  
196 general obligation bonds, or the revenue derived from projects  
197 assisted as to limited obligation bonds, are hereby pledged for  
198 the payment of the principal of and interest on such bonds and  
199 notes.

200           (5) Such bonds and notes and the income therefrom shall be

201 exempt from all taxation in the State of Mississippi.

202       (6) The bonds may be issued as coupon bonds or registered as  
203 to both principal and interest as the seller may determine. If  
204 interest coupons are attached, they shall contain the facsimile  
205 signature of the chairman and the secretary of the seller.

206       (7) As to bonds issued hereunder and designated as taxable  
207 bonds by the seller, any immunity of the state to taxation by the  
208 United States government of interest on bonds or notes issued by  
209 the state is hereby waived.

210       SECTION 3. This act shall take effect and be in force from  
211 and after July 1, 2000.