

By: Huddleston, Broomfield, Evans, Fleming,  
Gibbs, Green, Harrison, Middleton, Robinson  
(63rd), Scott (80th), Thomas, Thornton,  
Wallace, Watson, West

To: Agriculture; Ways and  
Means

## HOUSE BILL NO. 1586

1 AN ACT TO AMEND SECTION 69-2-13, MISSISSIPPI CODE OF 1972, TO  
2 INCREASE FROM \$16,000,000.00 TO \$24,000,000.00, THE AMOUNT OF  
3 MONEY THAT MAY BE DRAWN FROM THE EMERGING CROPS FUND BY THE  
4 MISSISSIPPI BUSINESS FINANCE CORPORATION TO ASSIST IN PROVIDING  
5 FINANCING FOR MINORITY ECONOMIC DEVELOPMENT; TO EXTEND THE REPEAL  
6 DATE ON THE MISSISSIPPI BUSINESS FINANCE CORPORATION'S AUTHORITY  
7 TO PROVIDE SUCH ASSISTANCE; TO INCLUDE CONTRACTS WITH FEDERAL  
8 DEPARTMENTS AND AGENCIES IN THE TYPES OF CONTRACTS FOR WHICH THE  
9 MISSISSIPPI BUSINESS FINANCE CORPORATION WILL GUARANTEE BID,  
10 PERFORMANCE AND PAYMENT BONDS WHICH MINORITY BUSINESSES ARE  
11 REQUIRED TO OBTAIN FOR SUCH CONTRACTS; TO PROVIDE THAT THE  
12 MISSISSIPPI BUSINESS FINANCE CORPORATION SHALL MAKE LOANS FROM THE  
13 EMERGING CROPS FUND TO PRODUCERS OF SWEET POTATOES AND  
14 COOPERATIVES OWNED BY SWEET POTATO PRODUCERS TO ASSIST IN THE  
15 PLANTING OF SWEET POTATOES AND THE PURCHASE OF SWEET POTATO  
16 PRODUCTION AND HARVESTING EQUIPMENT; TO AMEND SECTION 69-2-19,  
17 MISSISSIPPI CODE OF 1972, TO INCREASE FROM \$95,000,000.00 TO  
18 \$103,000,000.00, THE AMOUNT OF BONDS THAT MAY BE ISSUED TO PROVIDE  
19 FUNDS FOR THE EMERGING CROPS FUND; AND FOR RELATED PURPOSES.

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

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

23 69-2-13. (1) There is hereby established in the State  
24 Treasury a fund to be known as the "Emerging Crops Fund," which  
25 shall be used to pay the interest on loans made to farmers for  
26 nonland capital costs of establishing production of emerging crops  
27 on land in Mississippi, and to make loans and grants which are  
28 authorized under this section to be made from the fund. The fund  
29 shall be administered by the Mississippi Department of Economic  
30 and Community Development. A board comprised of the directors of  
31 the department, the Mississippi Cooperative Extension Service, the  
32 Mississippi Small Farm Development Center and the Mississippi  
33 Agricultural and Forestry Experiment Station, or their designees,  
34 shall develop definitions, guidelines and procedures for the

35 implementation of this chapter. Funds for the Emerging Crops Fund  
36 shall be provided from the issuance of bonds or notes under  
37 Sections 69-2-19 through 69-2-37 and from repayment of interest  
38 loans made from the fund.

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

52 (b) The Mississippi Business Finance Corporation may,  
53 out of the total amount of bonds authorized to be issued under  
54 this chapter, make available funds to any planning and development  
55 district in accordance with the criteria established in Section  
56 57-71-11. Planning and development districts which receive monies  
57 pursuant to this provision shall use such monies to make loans to  
58 private companies for purposes consistent with this subsection.

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

64 (3) The department shall, in addition to the other programs  
65 described in this section, provide for a program of loans to be  
66 made to agribusiness enterprises for the purpose of encouraging  
67 thereby the extension of conventional financing and the issuance  
68 of letters of credit to such agribusiness enterprises by private  
69 institutions. Monies to make such loans by the department shall  
70 be drawn from the Emerging Crops Fund. The amount of a loan to  
71 any single agribusiness enterprise shall not exceed twenty percent

72 (20%) of the total cost of the project for which financing is  
73 sought or Two Hundred Thousand Dollars (\$200,000.00), whichever is  
74 less. No interest shall be charged on such loans, and only the  
75 amount actually loaned shall be required to be repaid. Repayments  
76 shall be deposited into the Emerging Crops Fund.

77 (4) Through June 30, 2001, the Mississippi Business Finance  
78 Corporation may loan or grant to qualified planning and  
79 development districts, and to small business investment  
80 corporations, bank-based community development corporations, the  
81 Recruitment and Training Program, Inc., the City of Jackson  
82 Business Development Loan Fund, the Lorman Southwest Mississippi  
83 Development Corporation, the West Jackson Community Development  
84 Corporation, the East Mississippi Development Corporation, and  
85 other entities meeting the criteria established by the Mississippi  
86 Business Corporation (all referred to hereinafter as "qualified  
87 entities"), funds for the purpose of establishing loan revolving  
88 funds to assist in providing financing for minority economic  
89 development. The monies loaned or granted by the Mississippi  
90 Business Finance Corporation shall be drawn from the Emerging  
91 Crops Fund and shall not exceed Twenty-four Million Dollars  
92 (\$24,000,000.00) in the aggregate. Planning and development  
93 districts or qualified entities which receive monies pursuant to  
94 this provision shall use such monies to make loans to minority  
95 business enterprises consistent with criteria established by the  
96 Mississippi Business Finance Corporation. Such criteria shall  
97 include, at a minimum, the following:

98 (a) The business enterprise must be a private,  
99 for-profit enterprise.

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

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

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

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

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

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

125           (h) The maximum amount that may be loaned to any one  
126 (1) borrower shall be Two Hundred Fifty Thousand Dollars  
127 (\$250,000.00).

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

132           For the purpose of this subsection, the term "minority  
133 business enterprise" means a socially and economically  
134 disadvantaged small business concern, organized for profit,  
135 performing a commercially useful function which is owned and  
136 controlled by one or more minorities or minority business  
137 enterprises certified by the Mississippi Business Finance

138 Corporation, at least fifty percent (50%) of whom are resident  
139 citizens of the State of Mississippi. For purposes of this  
140 subsection, the term "socially and economically disadvantaged  
141 small business concern" shall have the meaning ascribed to such  
142 term under the Small Business Act (15 USCS, Section 637(a)), or  
143 women, and the term "owned and controlled" means a business in  
144 which one or more minorities or minority business enterprises  
145 certified by the Mississippi Business Finance Corporation own  
146 sixty percent (60%) or, in the case of a corporation, sixty  
147 percent (60%) of the voting stock, and control sixty percent (60%)  
148 of the management and daily business operations of the business.

149 From and after July 1, 2001, monies not loaned or granted by  
150 the Business Finance Corporation to planning and development  
151 districts or qualified entities under this subsection, and monies  
152 not loaned by planning and development districts or qualified  
153 entities, shall be deposited to the credit of the sinking fund  
154 created and maintained in the State Treasury for the retirement of  
155 bonds issued under Section 69-2-19.

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

170 (6) The Mississippi Business Finance Corporation may loan or

171 grant to public entities and to nonprofit corporations funds to  
172 defray the expense of financing (or to match any funds available  
173 from other public or private sources for the expense of financing)  
174 projects in this state which are devoted to the study, teaching  
175 and/or promotion of regional crafts and which are deemed by the  
176 corporation to be significant tourist attractions. The monies  
177 loaned or granted shall be drawn from the Emerging Crops Fund and  
178 shall not exceed Two Hundred Fifty Thousand Dollars (\$250,000.00)  
179 in the aggregate.

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

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

202 (9) The Mississippi Business Finance Corporation shall make  
203 available to the Mississippi Department of Agriculture and

204 Commerce for disbursement, upon warrant or warrants issued by the  
205 State Fiscal Officer upon requisitions made by the Commissioner of  
206 Agriculture and Commerce, or his designee, to the Certified Cotton  
207 Growers Organization, as defined in Section 69-37-5, funds on a  
208 one-time basis in a lump sum, an amount not to exceed Two Million  
209 Dollars (\$2,000,000.00) for the purpose of assisting in carrying  
210 out the purposes of the Mississippi Boll Weevil Management Act.  
211 The monies made available by the Mississippi Business Finance  
212 Corporation shall be drawn from the Emerging Crops Fund. This  
213 subsection (9) shall be repealed from and after June 30, 1999.

214 (10) Upon request by resolution of the Board of Directors of  
215 the Institute for Technology Development and the Mississippi  
216 Agribusiness Council, the Mississippi Business Finance Corporation  
217 shall make available to the Institute for Technology Development  
218 on a one-time basis, an amount not to exceed Two Hundred Fifty  
219 Thousand Dollars (\$250,000.00) from the cash balance of the  
220 Emerging Crops Fund to support the development of a cooperative  
221 program for agribusiness development with the Alternative  
222 Agriculture Research and Commercialization Program (AARC) of the  
223 United States Department of Agriculture.

224 (11) The Mississippi Business Finance Corporation shall make  
225 available to the Mississippi Forestry Commission on a lump sum  
226 amount not to exceed Five Hundred Thousand Dollars (\$500,000.00)  
227 to be drawn from the Emerging Crops Fund and used for the  
228 commission's Reforestation Cost-Share Program. This subsection  
229 (11) shall be repealed from and after June 30, 1999.

230 (12) The Mississippi Business Finance Corporation shall make  
231 available to the Mississippi Forestry Commission for fiscal year  
232 1999 a lump sum amount not to exceed Three Million Dollars  
233 (\$3,000,000.00) to be drawn from the Emerging Crops Fund and used  
234 for the purpose of replacing fire fighting units/equipment. This  
235 subsection (12) shall be repealed from and after June 30, 1999.

236 (13) In addition to the amount provided in subsection (11)

237 of this section, the Mississippi Business Finance Corporation  
238 shall make available to the Mississippi Forestry Commission for  
239 fiscal year 1999 a lump sum amount not to exceed Five Hundred  
240 Thousand Dollars (\$500,000.00) to be drawn from the Emerging Crops  
241 Fund and used for the commission's Reforestation Cost-Share  
242 Program. This subsection (13) shall be repealed from and after  
243 June 30, 1999.

244 (14) The Mississippi Business Finance Corporation shall make  
245 available to the Small Farm Development Center at Alcorn State  
246 University for fiscal year 1999 funds in the amount of Fifty  
247 Thousand Dollars (\$50,000.00) and for fiscal year 2000 funds in  
248 the amount of Fifty Thousand Dollars (\$50,000.00) to be drawn from  
249 the Emerging Crops Fund to support a cooperative program for  
250 agribusiness development in Mississippi. This subsection (14)  
251 shall be repealed from and after June 30, 2000.

252 (15) The Mississippi Business Finance Corporation shall  
253 make loans to producers of sweet potatoes and cooperatives owned  
254 by sweet potato producers to assist in the planting of sweet  
255 potatoes and the purchase of sweet potato production and  
256 harvesting equipment. The monies loaned by the Mississippi  
257 Business Finance Corporation shall be drawn from the Emerging  
258 Crops Fund and shall not exceed One Million Dollars  
259 (\$1,000,000.00) in the aggregate.

260 SECTION 2. Section 69-2-19, Mississippi Code of 1972, is  
261 amended as follows:

262 69-2-19. The State Department of Economic and Community  
263 Development is authorized, at one (1) time or from time to time,  
264 to declare by resolution the necessity for issuance of negotiable  
265 general obligation bonds of the State of Mississippi to provide  
266 funds for the Emerging Crops Fund established in Section 69-2-13.  
267 Upon the adoption of a resolution by the board, declaring the  
268 necessity for the issuance of any part or all of the general  
269 obligation bonds authorized by Sections 69-2-19 through 69-2-39,



270 the department shall deliver a certified copy of its resolution or  
271 resolutions to the State Bond Commission. Upon receipt of same,  
272 the State Bond Commission, in its discretion, shall act as the  
273 issuing agent, prescribe the form of the bonds, advertise for and  
274 accept bids, issue and sell the bonds so authorized to be sold,  
275 and do any and all other things necessary and advisable in  
276 connection with the issuance and sale of such bonds. The amount  
277 of bonds issued under Sections 69-2-19 through 69-2-39 shall not  
278 exceed One Hundred Three Million Dollars (\$103,000,000.00) in the  
279 aggregate. No bonds may be issued under Sections 69-2-19 through  
280 69-2-39 after October 1, 2003.

281 SECTION 3. This act shall take effect and be in force from  
282 and after its passage.