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COMMITTEE SUBSTITUTE
FOR
SENATE BILL NO. 2088

1 AN ACT TO AMEND SECTIONS 57-10-511 AND 57-10-525, MISSISSIPPI
2 CODE OF 1972, TO INCREASE THE AMOUNT OF GRANTS THAT MAY BE GIVEN
3 TO PLANNING AND DEVELOPMENT DISTRICTS AND QUALIFIED ENTITIES FOR
4 LOANS TO SMALL BUSINESSES UNDER THE MISSISSIPPI SMALL BUSINESS
5 ASSISTANCE ACT BY \$4,000,000.00; TO REMOVE THE JULY 1, 2000,
6 REPEAL DATE ON CERTAIN PORTIONS OF THE MISSISSIPPI SMALL BUSINESS
7 ASSISTANCE ACT; TO INCREASE THE AMOUNT OF BONDS THAT MAY BE ISSUED
8 UNDER SUCH ACT FROM \$29,000,000.00 TO \$33,000,000.00; AND FOR
9 RELATED PURPOSES.

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

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

13 57-10-511. * * * DECD shall grant funds under this article
14 to a planning and development district or qualified entity in
15 accordance with the following terms and conditions:

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

26 (b) Each planning and development district meeting the
27 criteria set forth in this article shall receive an initial grant
28 of not to exceed One Million Dollars (\$1,000,000.00) for the
29 purpose of establishing the program within its area in accordance

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

57 (c) After all of the initial grant funds have been
58 provided as assistance to small businesses in accordance with this
59 article, DECD shall distribute additional grant funds to each
60 planning and development district or qualified entity qualified
61 under this article to receive and requesting such funds in
62 whatever amounts DECD deems appropriate and when needed by such
63 planning and development districts or qualified entities to
64 provide additional assistance to small businesses in accordance
65 with this article. The schedule for distributing such funds shall
66 be determined by DECD. Funds distributed to planning and

67 development districts and qualified entities pursuant to this
68 paragraph shall be in addition to funds distributed to planning
69 and development districts and qualified entities pursuant to
70 paragraph (b) of this section. The total amount of grants issued
71 pursuant to this paragraph shall not exceed Twenty-one Million
72 Dollars (\$21,000,000.00) for planning and development districts or
73 qualified entities. Grant funds not committed to provide
74 assistance to small businesses at the end of twelve (12) months
75 after receipt thereof by the planning and development district or
76 qualified entity shall be returned to DECD for placement in a pool
77 to be redistributed by DECD to planning and development districts
78 or qualified entities which have binding commitments to distribute
79 as assistance all their initial grant funds and have pending
80 applications for additional assistance in accordance with this
81 article. Any planning and development district or qualified
82 entity returning any such grant funds to DECD shall be required at
83 the time such grant funds are returned to deliver to the State
84 Treasury, for deposit in the General Fund, interest on the amount
85 of such returned funds at the same rate as any bonds or notes of
86 the State of Mississippi issued pursuant to this article to
87 provide such grant funds.

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

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

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

119 (f) DECD shall assist each planning and development
120 district or qualified entity participating in the program in
121 connection with such planning and development district's or
122 qualified entity's compliance with this article.

123 (g) Each planning and development district or qualified
124 entity participating in the program shall submit the following
125 reports to the House Ways and Means Committee and the Senate
126 Economic Development, Tourism and Parks Committee:

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

129 (ii) A semiannual report on July 15 and January 15
130 of each year, describing all assistance provided to small
131 businesses pursuant to the program, such reports to include
132 without limitation the following: a description of each small

133 business receiving assistance; the project to be assisted and
134 purpose of assistance; a description of each loan and equity
135 investment, including the terms and conditions thereof and use of
136 the funds assistance by the small business; history of the
137 assistance pool, including principal amount loaned, interest
138 earned, interest expended for administration and management,
139 principal amount of equity investments, assistance funds
140 available, and losses; and a statement of jobs created or retained
141 as a result of the assistance program.

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

162 * * *

163 SECTION 2. Section 57-10-525, Mississippi Code of 1972, is
164 amended as follows:

165 57-10-525. (1) The seller is authorized to borrow, on the

166 credit of the state, money not exceeding the aggregate sum of
167 Thirty-three Million Dollars (\$33,000,000.00), not including money
168 borrowed to refund outstanding bonds, notes or replacement notes,
169 as may be necessary to carry out the purposes of this article.
170 The rate of interest on any such bonds or notes which are not
171 subject to taxation shall not exceed the rates set forth in
172 Section 75-17-101, Mississippi Code of 1972, for general
173 obligation bonds.

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

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

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

196 (5) Such bonds and notes and the income therefrom shall be
197 exempt from all taxation in the State of Mississippi.

198 (6) The bonds may be issued as coupon bonds or registered as

199 to both principal and interest as the seller may determine. If
200 interest coupons are attached, they shall contain the facsimile
201 signature of the chairman and the secretary of the seller.

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

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