

By: Horhn, Simmons, Walls, Harden, Johnson
(38th), Jordan, Jackson, Turner, Blackmon

To: Finance

SENATE BILL NO. 3233

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

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

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

104 (c) The borrower must have at least five percent (5%)

105 equity interest in the business enterprise.

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

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

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

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

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

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

131 For the purpose of this subsection, the term "minority
132 business enterprise" means a socially and economically
133 disadvantaged small business concern, organized for profit,
134 performing a commercially useful function which is owned and
135 controlled by one or more minorities or minority business
136 enterprises certified by the Mississippi Business Finance
137 Corporation, at least fifty percent (50%) of whom are resident

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

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

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

169 (6) The Mississippi Business Finance Corporation may loan or
170 grant to public entities and to nonprofit corporations funds to

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

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

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

201 (9) The Mississippi Business Finance Corporation shall make
202 available to the Mississippi Department of Agriculture and
203 Commerce for disbursement, upon warrant or warrants issued by the

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

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

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

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

235 (13) In addition to the amount provided in subsection (11)
236 of this section, the Mississippi Business Finance Corporation

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

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

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

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

261 69-2-19. The State Department of Economic and Community
262 Development is authorized, at one (1) time or from time to time,
263 to declare by resolution the necessity for issuance of negotiable
264 general obligation bonds of the State of Mississippi to provide
265 funds for the Emerging Crops Fund established in Section 69-2-13.
266 Upon the adoption of a resolution by the board, declaring the
267 necessity for the issuance of any part or all of the general
268 obligation bonds authorized by Sections 69-2-19 through 69-2-39,
269 the department shall deliver a certified copy of its resolution or

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

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