HOUSE BILL NO. 1482

AN ACT TO AMEND SECTION 57-10-511, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT IF THE MISSISSIPPI DEVELOPMENT AUTHORITY FINDS THAT A PLANNING AND DEVELOPMENT DISTRICT OR A QUALIFIED ENTITY ADMINISTERING A REVOLVING LOAN PROGRAM UNDER THE MISSISSIPPI SMALL BUSINESS ASSISTANCE ACT IS NOT ACTIVELY ENGAGED IN LENDING, SUCH DISTRICT OR ENTITY MAY BE FOUND TO BE IN DEFAULT AND BE REQUIRED TO CEASE PROVIDING ASSISTANCE, REFUND ALL FUNDS HELD IN ITS REVOLVING ASSISTANCE FUND AND, IF REQUIRED BY THE MISSISSIPPI DEVELOPMENT AUTHORITY ALL ADMINISTRATIVE AND MANAGEMENT CONTROL OF ASSISTANCE UNDER THE PROGRAM; TO AMEND SECTION 57-10-505, MISSISSIPPI CODE OF 1972, TO REFLECT THE CHANGE OF THE NAME OF THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT TO THE MISSISSIPPI DEVELOPMENT AUTHORITY; AND FOR RELATED PURPOSES.

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

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

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

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

(b) Each planning and development district meeting the criteria set forth in this article shall receive an initial grant of not to exceed One Million Dollars ($1,000,000.00) for the...
purpose of establishing the program within its area in accordance with this article. Each qualified entity meeting the criteria set forth in this article shall be eligible to receive an initial grant of Five Hundred Thousand Dollars ($500,000.00) for the purpose of establishing the program within the area it serves in accordance with this article. The total amount of initial grants to planning and development districts shall not exceed Ten Million Dollars ($10,000,000.00) and the total amount of initial grants for qualified entities shall not exceed Two Million Dollars ($2,000,000.00). Each planning and development district or qualified entity receiving an initial grant shall have twelve (12) months in which to make binding commitments to provide assistance to small businesses in the principal amount of the initial grant in accordance with this article. Grant funds not committed to provide assistance to small businesses at the end of twelve (12) months after receipt thereof by the planning and development district or qualified entity shall be returned to MDA for placement in a pool to be redistributed by MDA to planning and development districts or qualified entities which have binding commitments to distribute as assistance all their initial grant funds and have pending applications for additional assistance in accordance with this article. Any planning and development district or qualified entity returning any such grant funds to MDA shall be required at the time such initial grant funds are returned to deliver to the State Treasury, for deposit in the General Fund, interest on the amount of such returned funds at the same rate as any bonds or notes of the State of Mississippi issued pursuant to this article to provide such grant funds.

(c) After all of the initial grant funds have been provided as assistance to small businesses in accordance with this article, MDA shall distribute additional grant funds to each planning and development district or qualified entity qualified under this article to receive and requesting such funds in
whatever amounts MDA deems appropriate and when needed by such
planning and development districts or qualified entities to
provide additional assistance to small businesses in accordance
with this article. The schedule for distributing such funds shall
be determined by MDA. Funds distributed to planning and
development districts and qualified entities pursuant to this
paragraph shall be in addition to funds distributed to planning
and development districts and qualified entities pursuant to
paragraph (b) of this section. The total amount of grants issued
pursuant to this paragraph shall not exceed Twenty Million Dollars
($20,000,000.00) for planning and development districts or
qualified entities. Grant funds not committed to provide
assistance to small businesses at the end of twelve (12) months
after receipt thereof by the planning and development district or
qualified entity shall be returned to MDA for placement in a pool
to be redistributed by MDA to planning and development districts
or qualified entities which have binding commitments to distribute
as assistance all their initial grant funds and have pending
applications for additional assistance in accordance with this
article. Any planning and development district or qualified
entity returning any such grant funds to MDA shall be required at
the time such grant funds are returned to deliver to the State
Treasury, for deposit in the General Fund, interest on the amount
of such returned funds at the same rate as any bonds or notes of
the State of Mississippi issued pursuant to this article to
provide such grant funds.

(d) A planning and development district or qualified
entity participating in the program may utilize not more than
fifty percent (50%) of interest earned on assistance provided to
small businesses in accordance with this article for
administration and management of the program, unless specifically
authorized to utilize more by MDA; provided, however, any interest
earned on grant funds held by a planning and development district
or qualified entity prior to the utilization of such grant funds to provide assistance to small businesses shall be placed in the revolving assistance fund of the planning and development district or qualified entity and shall not be expended for administration or management costs. Planning and development districts and qualified entities may retain fifty percent (50%) of the interest earned on repayment funds that are being held on deposit in anticipation of relending to aid in the administration and management of the program. Each planning and development district and qualified entity shall file annually with the Secretary of the Senate and the Clerk of the House of Representatives not later than the first day of each regular legislative session a report which details any interest retained or utilized by the planning and development district or qualified entity pursuant to this paragraph (d).

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

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

(g) Each planning and development district or qualified entity participating in the program shall submit the following reports to the House Ways and Means Committee, the Senate Economic Development, Tourism and Parks Committee and MDA:
(i) An annual audit of grant funds received in connection with the program; and
(ii) A semiannual report on July 30 and January 30 of each year, describing all assistance provided to small businesses pursuant to the program, such reports to include without limitation the following: a description of each small business receiving assistance; the project to be assisted and purpose of assistance; a description of each loan and equity investment, including the terms and conditions thereof and use of the funds assistance by the small business; history of the assistance pool, including principal amount loaned, interest earned, interest expended for administration and management, principal amount of equity investments, assistance funds available, and losses; and a statement of jobs created or retained as a result of the assistance program.

(h) If MDA determines that a district or entity has provided assistance to small businesses in a manner inconsistent with the provisions of this article, then the amount of such assistance so provided shall be withheld by MDA from any additional grant funds to which the district or entity becomes entitled under this article. If MDA determines, after notifying such district or entity twice in writing and providing such district or entity a reasonable opportunity to comply, that a planning and development district or qualified entity has consistently failed to comply with this article in connection with the program, MDA may declare such planning and development district or qualified entity in default under the program and, upon receipt of notice thereof from MDA, such planning and development district or qualified entity shall immediately cease providing assistance under the program, shall refund to MDA for distribution to other planning and development districts or qualified entities all funds held in its revolving assistance fund and, if required by MDA, shall convey to MDA all administrative
and management control of assistance provided by it under the program.

    (i) If MDA determines, after notifying a planning and development district or qualified entity twice in writing and providing such district or entity a reasonable opportunity to take corrective action, that a planning and development district or a qualified entity administering a revolving assistance fund under the provisions of this article is not actively engaged in lending as defined by the rules and regulations of MDA, MDA may declare such planning and development district or qualified entity in default under the program and, upon receipt of notice thereof from MDA, such planning and development district or qualified entity shall immediately cease providing assistance under the program, shall refund to MDA for distribution to other planning and development districts or qualified entities all funds held in its revolving assistance fund and, if required by MDA, shall convey to MDA all administrative and management control of assistance provided by it under the program.

SECTION 2. Section 57-10-505, Mississippi Code of 1972, is amended as follows:

57-10-505. The following words and phrases when used in this article shall have the meaning given to them in this section unless the context clearly indicates otherwise:

(a) "Assistance" means a loan to a small business or an equity investment in a small business by a planning and development district in accordance with this article.

(b) "DECD" means the Mississippi Development Authority.

(c) "Equity investment" means an investment in the ownership of a small business incorporated in Mississippi by a planning and development district in accordance with this act.

(d) "General Fund" means the General Fund of the State of Mississippi.
(e) "Loan" means a loan by a planning and development district to a small business in accordance with this act.

(f) "MDA" means the Mississippi Development Authority.

(g) "Planning and development districts" means an organized planning and development district in Mississippi.

(h) "Program" means the Mississippi Small Business Assistance Program established in this act.

(i) "Qualified entities" means small business investment corporations, community development corporations and other similar entities approved by the Mississippi Business Finance Corporation to participate in the program.

(j) "Seller" means the State Bond Commission.

(k) "Small business" means any commercial enterprise with less than one hundred (100) full-time employees, less than Two Million Dollars ($2,000,000.00) in net worth or less than Three Hundred Fifty Thousand Dollars ($350,000.00) in net annual profit after taxes.

SECTION 3. This act shall take effect and be in force from and after July 1, 2001.