HOUSE BILL NO. 1550

AN ACT TO AMEND SECTION 57-10-511, MISSISSIPPI CODE OF 1972, TO INCREASE THE AMOUNT OF GRANT FUNDS THAT MAY BE MADE AVAILABLE TO PLANNING AND DEVELOPMENT DISTRICTS AND QUALIFIED ENTITIES FOR THE PURPOSE OF PROVIDING ASSISTANCE TO SMALL BUSINESSES UNDER THE MISSISSIPPI SMALL BUSINESS ASSISTANCE ACT; TO AMEND SECTION 57-10-525, MISSISSIPPI CODE OF 1972, TO INCREASE THE AMOUNT OF BONDS THAT MAY BE ISSUED UNDER THE MISSISSIPPI SMALL BUSINESS ASSISTANCE ACT FROM $32,000,000.00 TO $44,000,000.00; 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 Thirty-two Million
Dollars ($32,000,000.00) 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:

H. B. No. 1550
01/HR03/R1518
PAGE 4 (RS\LH)
(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.

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

57-10-525. (1) The seller is authorized to borrow, on the credit of the state, money not exceeding the aggregate sum of Forty-four Million Dollars ($44,000,000.00), not including money borrowed to refund outstanding bonds, notes or replacement notes, as may be necessary to carry out the purposes of this article. The rate of interest on any such bonds or notes which are not subject to taxation shall not exceed the rates set forth in Section 75-17-101, Mississippi Code of 1972, for general obligation bonds.

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

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

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

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

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

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

SECTION 3. 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 article.

(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 article.

(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 article.
(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 4. This act shall take effect and be in force from and after July 1, 2001.