

By: Representatives Scott (80th), Coleman
(65th), Harrison

To: Ways and Means

HOUSE BILL NO. 1550

1 AN ACT TO AMEND SECTION 57-10-511, MISSISSIPPI CODE OF 1972,
2 TO INCREASE THE AMOUNT OF GRANT FUNDS THAT MAY BE MADE AVAILABLE
3 TO PLANNING AND DEVELOPMENT DISTRICTS AND QUALIFIED ENTITIES FOR
4 THE PURPOSE OF PROVIDING ASSISTANCE TO SMALL BUSINESSES UNDER THE
5 MISSISSIPPI SMALL BUSINESS ASSISTANCE ACT; TO AMEND SECTION
6 57-10-525, MISSISSIPPI CODE OF 1972, TO INCREASE THE AMOUNT OF
7 BONDS THAT MAY BE ISSUED UNDER THE MISSISSIPPI SMALL BUSINESS
8 ASSISTANCE ACT FROM \$32,000,000.00 TO \$44,000,000.00; TO AMEND
9 SECTION 57-10-505, MISSISSIPPI CODE OF 1972, TO REFLECT THE CHANGE
10 OF THE NAME OF THE DEPARTMENT OF ECONOMIC AND COMMUNITY
11 DEVELOPMENT TO THE MISSISSIPPI DEVELOPMENT AUTHORITY; AND FOR
12 RELATED PURPOSES.

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

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

16 57-10-511. MDA shall grant funds under this article to a
17 planning and development district or qualified entity in
18 accordance with the following terms and conditions:

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

29 (b) Each planning and development district meeting the
30 criteria set forth in this article shall receive an initial grant
31 of not to exceed One Million Dollars (\$1,000,000.00) for the

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

60 (c) After all of the initial grant funds have been
61 provided as assistance to small businesses in accordance with this
62 article, MDA shall distribute additional grant funds to each
63 planning and development district or qualified entity qualified
64 under this article to receive and requesting such funds in

65 whatever amounts MDA deems appropriate and when needed by such
66 planning and development districts or qualified entities to
67 provide additional assistance to small businesses in accordance
68 with this article. The schedule for distributing such funds shall
69 be determined by MDA. Funds distributed to planning and
70 development districts and qualified entities pursuant to this
71 paragraph shall be in addition to funds distributed to planning
72 and development districts and qualified entities pursuant to
73 paragraph (b) of this section. The total amount of grants issued
74 pursuant to this paragraph shall not exceed Thirty-two Million
75 Dollars (\$32,000,000.00) for planning and development districts or
76 qualified entities. Grant funds not committed to provide
77 assistance to small businesses at the end of twelve (12) months
78 after receipt thereof by the planning and development district or
79 qualified entity shall be returned to MDA for placement in a pool
80 to be redistributed by MDA to planning and development districts
81 or qualified entities which have binding commitments to distribute
82 as assistance all their initial grant funds and have pending
83 applications for additional assistance in accordance with this
84 article. Any planning and development district or qualified
85 entity returning any such grant funds to MDA shall be required at
86 the time such grant funds are returned to deliver to the State
87 Treasury, for deposit in the General Fund, interest on the amount
88 of such returned funds at the same rate as any bonds or notes of
89 the State of Mississippi issued pursuant to this article to
90 provide such grant funds.

91 (d) A planning and development district or qualified
92 entity participating in the program may utilize not more than
93 fifty percent (50%) of interest earned on assistance provided to
94 small businesses in accordance with this article for
95 administration and management of the program, unless specifically
96 authorized to utilize more by MDA; provided, however, any interest
97 earned on grant funds held by a planning and development district

98 or qualified entity prior to the utilization of such grant funds
99 to provide assistance to small businesses shall be placed in the
100 revolving assistance fund of the planning and development district
101 or qualified entity and shall not be expended for administration
102 or management costs. Planning and development districts and
103 qualified entities may retain fifty percent (50%) of the interest
104 earned on repayment funds that are being held on deposit in
105 anticipation of relending to aid in the administration and
106 management of the program. Each planning and development district
107 and qualified entity shall file annually with the Secretary of the
108 Senate and the Clerk of the House of Representatives not later
109 than the first day of each regular legislative session a report
110 which details any interest retained or utilized by the planning
111 and development district or qualified entity pursuant to this
112 paragraph (d).

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

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

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

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

132 (ii) A semiannual report on July 30 and January 30
133 of each year, describing all assistance provided to small
134 businesses pursuant to the program, such reports to include
135 without limitation the following: a description of each small
136 business receiving assistance; the project to be assisted and
137 purpose of assistance; a description of each loan and equity
138 investment, including the terms and conditions thereof and use of
139 the funds assistance by the small business; history of the
140 assistance pool, including principal amount loaned, interest
141 earned, interest expended for administration and management,
142 principal amount of equity investments, assistance funds
143 available, and losses; and a statement of jobs created or retained
144 as a result of the assistance program.

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

163 and management control of assistance provided by it under the
164 program.

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

167 57-10-525. (1) The seller is authorized to borrow, on the
168 credit of the state, money not exceeding the aggregate sum of
169 Forty-four Million Dollars (\$44,000,000.00), not including money
170 borrowed to refund outstanding bonds, notes or replacement notes,
171 as may be necessary to carry out the purposes of this article.
172 The rate of interest on any such bonds or notes which are not
173 subject to taxation shall not exceed the rates set forth in
174 Section 75-17-101, Mississippi Code of 1972, for general
175 obligation bonds.

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

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

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

196 the payment of the principal of and interest on such bonds and
197 notes.

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

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

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

208 SECTION 3. Section 57-10-505, Mississippi Code of 1972, is
209 amended as follows:

210 57-10-505. The following words and phrases when used in this
211 article shall have the meaning given to them in this section
212 unless the context clearly indicates otherwise:

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

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

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

220 (d) "General Fund" means the General Fund of the State
221 of Mississippi.

222 (e) "Loan" means a loan by a planning and development
223 district to a small business in accordance with this article.

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

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

227 (h) "Program" means the Mississippi Small Business
228 Assistance Program established in this article.

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

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

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

239 SECTION 4. This act shall take effect and be in force from
240 and after July 1, 2001.