

By: Senator(s) Minor

To: Finance

SENATE BILL NO. 2662

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

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

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

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

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

30 (b) Each planning and development district meeting the
 31 criteria set forth in this article shall receive an initial grant

32 of not to exceed One Million Dollars (\$1,000,000.00) for the
33 purpose of establishing the program within its area in accordance
34 with this article. Each qualified entity meeting the criteria set
35 forth in this article shall be eligible to receive an initial
36 grant of Five Hundred Thousand Dollars (\$500,000.00) for the
37 purpose of establishing the program within the area it serves in
38 accordance with this article. The total amount of initial grants
39 to planning and development districts shall not exceed Ten Million
40 Dollars (\$10,000,000.00) and the total amount of initial grants
41 for qualified entities shall not exceed Two Million Dollars
42 (\$2,000,000.00). Each planning and development district or
43 qualified entity receiving an initial grant shall have twelve (12)
44 months in which to make binding commitments to provide assistance
45 to small businesses in the principal amount of the initial grant
46 in accordance with this article. Grant funds not committed to
47 provide assistance to small businesses at the end of twelve (12)
48 months after receipt thereof by the planning and development
49 district or qualified entity shall be returned to MDA for
50 placement in a pool to be redistributed by MDA to planning and
51 development districts or qualified entities which have binding
52 commitments to distribute as assistance all their initial grant
53 funds and have pending applications for additional assistance in
54 accordance with this article. Any planning and development
55 district or qualified entity returning any such grant funds to MDA
56 shall be required at the time such initial grant funds are
57 returned to deliver to the State Treasury, for deposit in the
58 General Fund, interest on the amount of such returned funds at the
59 same rate as any bonds or notes of the State of Mississippi issued
60 pursuant to this article to provide such grant funds.

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

65 under this article to receive and requesting such funds in
66 whatever amounts MDA deems appropriate and when needed by such
67 planning and development districts or qualified entities to
68 provide additional assistance to small businesses in accordance
69 with this article. The schedule for distributing such funds shall
70 be determined by MDA. Funds distributed to planning and
71 development districts and qualified entities pursuant to this
72 paragraph shall be in addition to funds distributed to planning
73 and development districts and qualified entities pursuant to
74 paragraph (b) of this section. The total amount of grants issued
75 pursuant to this paragraph shall not exceed Twenty Million Dollars
76 (\$20,000,000.00) for planning and development districts or
77 qualified entities. Grant funds not committed to provide
78 assistance to small businesses at the end of twelve (12) months
79 after receipt thereof by the planning and development district or
80 qualified entity shall be returned to MDA for placement in a pool
81 to be redistributed by MDA to planning and development districts
82 or qualified entities which have binding commitments to distribute
83 as assistance all their initial grant funds and have pending
84 applications for additional assistance in accordance with this
85 article. Any planning and development district or qualified
86 entity returning any such grant funds to MDA shall be required at
87 the time such grant funds are returned to deliver to the State
88 Treasury, for deposit in the General Fund, interest on the amount
89 of such returned funds at the same rate as any bonds or notes of
90 the State of Mississippi issued pursuant to this article to
91 provide such grant funds.

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

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

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

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

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

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

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

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

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

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

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

184 57-10-505. The following words and phrases when used in this
185 article shall have the meaning given to them in this section
186 unless the context clearly indicates otherwise:

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

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

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

194 (d) "General Fund" means the General Fund of the State
195 of Mississippi.

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

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

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

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

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

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

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

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