

By: Senator(s) Horhn

To: Finance

SENATE BILL NO. 3036

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 UNDER
4 THE MISSISSIPPI SMALL BUSINESS ASSISTANCE ACT; TO AMEND SECTION
5 57-10-525, MISSISSIPPI CODE OF 1972, TO AUTHORIZE THE ISSUANCE OF
6 ADDITIONAL BONDS IN THE AMOUNT OF \$12,000,000.00 TO PROVIDE FUNDS
7 FOR SUCH GRANTS; AND FOR RELATED PURPOSES.

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

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

11 57-10-511. MDA shall grant funds under this article to a
12 planning and development district or qualified entity in
13 accordance with the following terms and conditions:

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

24 (b) Each planning and development district meeting the
25 criteria set forth in this article shall receive an initial grant
26 of not to exceed One Million Dollars (\$1,000,000.00) for the
27 purpose of establishing the program within its area in accordance
28 with this article. Each qualified entity meeting the criteria set

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

55 (c) Except as otherwise provided in this section, after
56 all of the initial grant funds have been provided as assistance to
57 small businesses in accordance with this article, MDA shall
58 distribute additional grant funds to each planning and development
59 district or qualified entity qualified under this article to
60 receive and requesting such funds in whatever amounts MDA deems
61 appropriate and when needed by such planning and development

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

86 (d) MDA shall distribute additional grant funds to each
87 planning and development district or qualified entity qualified
88 under this article to receive and requesting such funds in
89 whatever amounts MDA deems appropriate and when needed by such
90 planning and development districts or qualified entities to
91 provide additional assistance to small businesses in accordance
92 with this article. The schedule for distributing such funds shall
93 be determined by MDA. Funds distributed to planning and
94 development districts and qualified entities pursuant to this

95 paragraph shall be in addition to funds distributed to planning
96 and development districts and qualified entities pursuant to
97 paragraphs (b) and (c) of this section. The total amount of
98 grants issued pursuant to this paragraph shall not exceed Ten
99 Million Dollars (\$10,000,000.00) for planning and development
100 districts and Two Million Dollars (\$2,000,000.00) for qualified
101 entities. Grant funds not committed to provide assistance to
102 small businesses at the end of twelve (12) months after receipt
103 thereof by the planning and development district or qualified
104 entity shall be returned to MDA for placement in a pool to be
105 redistributed by MDA to planning and development districts or
106 qualified entities which have binding commitments to distribute as
107 assistance all their grant funds and have pending applications for
108 additional assistance in accordance with this article. Any
109 planning and development district or qualified entity returning
110 any such grant funds to MDA shall be required at the time such
111 grant funds are returned to deliver to the State Treasury, for
112 deposit in the General Fund, interest on the amount of such
113 returned funds at the same rate as any bonds or notes of the State
114 of Mississippi issued pursuant to this article to provide such
115 grant funds.

116 (e) A planning and development district or qualified
117 entity participating in the program may utilize not more than
118 fifty percent (50%) of interest earned on assistance provided to
119 small businesses in accordance with this article for
120 administration and management of the program, unless specifically
121 authorized to utilize more by MDA; provided, however, any interest
122 earned on grant funds held by a planning and development district
123 or qualified entity prior to the utilization of such grant funds
124 to provide assistance to small businesses shall be placed in the
125 revolving assistance fund of the planning and development district
126 or qualified entity and shall not be expended for administration
127 or management costs. Planning and development districts and

128 qualified entities may retain fifty percent (50%) of the interest
129 earned on repayment funds that are being held on deposit in
130 anticipation of relending to aid in the administration and
131 management of the program. Each planning and development district
132 and qualified entity shall file annually with the Secretary of the
133 Senate and the Clerk of the House of Representatives not later
134 than the first day of each regular legislative session a report
135 which details any interest retained or utilized by the planning
136 and development district or qualified entity pursuant to this
137 paragraph (e).

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

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

151 (h) Each planning and development district or qualified
152 entity participating in the program shall submit the following
153 reports to the House Ways and Means Committee, the Senate Economic
154 Development, Tourism and Parks Committee and MDA:

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

157 (ii) A semiannual report on July 30 and January 30
158 of each year, describing all assistance provided to small
159 businesses pursuant to the program, such reports to include
160 without limitation the following: a description of each small

161 business receiving assistance; the project to be assisted and
162 purpose of assistance; a description of each loan and equity
163 investment, including the terms and conditions thereof and use of
164 the funds assistance by the small business; history of the
165 assistance pool, including principal amount loaned, interest
166 earned, interest expended for administration and management,
167 principal amount of equity investments, assistance funds
168 available, and losses; and a statement of jobs created or retained
169 as a result of the assistance program.

170 (i) If MDA determines that a district or entity has
171 provided assistance to small businesses in a manner inconsistent
172 with the provisions of this article, then the amount of such
173 assistance so provided shall be withheld by MDA from any
174 additional grant funds to which the district or entity becomes
175 entitled under this article. If MDA determines, after notifying
176 such district or entity twice in writing and providing such
177 district or entity a reasonable opportunity to comply, that a
178 planning and development district or qualified entity has
179 consistently failed to comply with this article in connection with
180 the program, MDA may declare such planning and development
181 district or qualified entity in default under the program and,
182 upon receipt of notice thereof from MDA, such planning and
183 development district or qualified entity shall immediately cease
184 providing assistance under the program, shall refund to MDA for
185 distribution to other planning and development districts or
186 qualified entities all funds held in its revolving assistance fund
187 and, if required by MDA, shall convey to MDA all administrative
188 and management control of assistance provided by it under the
189 program.

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

192 (1) The seller is authorized to borrow, on the credit of the
193 state, money not exceeding the aggregate sum of Forty-four Million

194 Dollars (\$44,000,000.00), not including money borrowed to refund
195 outstanding bonds, notes or replacement notes, as may be necessary
196 to carry out the purposes of this article. The rate of interest
197 on any such bonds or notes which are not subject to taxation shall
198 not exceed the rates set forth in Section 75-17-101, Mississippi
199 Code of 1972, for general obligation bonds.

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

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

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

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

224 (6) The bonds may be issued as coupon bonds or registered as
225 to both principal and interest as the seller may determine. If

226 interest coupons are attached, they shall contain the facsimile
227 signature of the chairman and the secretary of the seller.

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

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