MISSISSIPPI LEGISLATURE

By: Senator(s) Horhn

To: Finance

REGULAR SESSION 2001

SENATE BILL NO. 3156

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AN ACT TO AMEND SECTION 69-2-13, MISSISSIPPI CODE OF 1972, TO
INCREASE FROM $18,000,000.00 TO $24,000,000.00, THE AMOUNT OF
MONEY THAT MAY BE DRAWN FROM THE EMERGING CROPS FUND BY THE
MISSISSIPPI BUSINESS FINANCE CORPORATION TO ASSIST IN PROVIDING
FINANCING FOR MINORITY ECONOMIC DEVELOPMENT; TO REMOVE THE REPEAL
DATE ON THE MISSISSIPPI BUSINESS FINANCE CORPORATION'S AUTHORITY
TO PROVIDE SUCH ASSISTANCE; TO PROVIDE AN ADDITIONAL $1,000,000.00
FROM THE EMERGING CROPS FUND TO THE SMALL FARM DEVELOPMENT CENTER
AT ALCORN STATE UNIVERSITY FOR LOANS TO PRODUCERS OF SWEET
POTATOES AND COOPERATIVES OWNED BY SWEET POTATO PRODUCERS TO
ASSIST IN THE PLANTING OF SWEET POTATOES AND THE PURCHASE OF SWEET
POTATO PRODUCTION AND HARVESTING EQUIPMENT; TO AMEND SECTION
69-2-19, MISSISSIPPI CODE OF 1972, TO INCREASE FROM $97,000,000.00
TO $103,000,000.00, THE AMOUNT OF BONDS THAT MAY BE ISSUED TO
PROVIDE FUNDS FOR THE EMERGING CROPS FUND; AND FOR RELATED
PURPOSES.

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

SECTION 1. Section 69-2-13, Mississippi Code of 1972, is
amended as follows:

69-2-13. (1) There is hereby established in the State
Treasury a fund to be known as the "Emerging Crops Fund," which
shall be used to pay the interest on loans made to farmers for
nonland capital costs of establishing production of emerging crops
on land in Mississippi, and to make loans and grants which are
authorized under this section to be made from the fund. The fund
shall be administered by the Mississippi Development Authority. A
board comprised of the directors of the department, the
Mississippi Cooperative Extension Service, the Mississippi Small
Farm Development Center and the Mississippi Agricultural and
Forestry Experiment Station, or their designees, shall develop
definitions, guidelines and procedures for the implementation of
this chapter. Funds for the Emerging Crops Fund shall be provided
from the issuance of bonds or notes under Sections 69-2-19 through 69-2-37 and from repayment of interest loans made from the fund.

(2) (a) The Mississippi Business Finance Corporation shall develop a program which gives fair consideration to making loans for the processing and manufacturing of goods and services by agribusiness, greenhouse production horticulture, and small business concerns. It is the policy of the State of Mississippi that such corporation shall give due recognition to and shall aid, counsel, assist and protect, insofar as is possible, the interests of agribusiness, greenhouse production horticulture, and small business concerns. To ensure that the purposes of this subsection are carried out, the corporation shall loan not more than One Million Dollars ($1,000,000.00) to finance any single agribusiness, greenhouse production horticulture, or small business concern. Loans made pursuant to this subsection shall be made in accordance with the criteria established in Section 57-71-11.

(b) The Mississippi Business Finance Corporation may, out of the total amount of bonds authorized to be issued under this chapter, make available funds to any planning and development district in accordance with the criteria established in Section 57-71-11. Planning and development districts which receive monies pursuant to this provision shall use such monies to make loans to private companies for purposes consistent with this subsection.

(c) The Mississippi Business Finance Corporation is hereby authorized to engage legal services, financial advisors, appraisers and consultants if needed to review and close loans made hereunder and to establish and assess reasonable fees including, but not limited to, liquidation expenses.

(3) The department shall, in addition to the other programs described in this section, provide for a program of loans to be made to agribusiness or greenhouse production horticulture enterprises for the purpose of encouraging thereby the extension
of conventional financing and the issuance of letters of credit to such agribusiness or greenhouse production horticulture enterprises by private institutions. Monies to make such loans by the department shall be drawn from the Emerging Crops Fund. The amount of a loan to any single agribusiness or greenhouse production horticulture enterprise shall not exceed twenty percent (20%) of the total cost of the project for which financing is sought or Two Hundred Thousand Dollars ($200,000.00), whichever is less. No interest shall be charged on such loans, and only the amount actually loaned shall be required to be repaid. Repayments shall be deposited into the Emerging Crops Fund.

(4) * * * The Mississippi Business Finance Corporation may loan or grant to qualified planning and development districts, and to small business investment corporations, bank-based community development corporations, the Recruitment and Training Program, Inc., the City of Jackson Business Development Loan Fund, the Lorman Southwest Mississippi Development Corporation, the West Jackson Community Development Corporation, the East Mississippi Development Corporation, and other entities meeting the criteria established by the Mississippi Business Corporation (all referred to hereinafter as "qualified entities"), funds for the purpose of establishing loan revolving funds to assist in providing financing for minority economic development. The monies loaned or granted by the Mississippi Business Finance Corporation shall be drawn from the Emerging Crops Fund and shall not exceed Twenty-four Million Dollars ($24,000,000.00) in the aggregate. Planning and development districts or qualified entities which receive monies pursuant to this provision shall use such monies to make loans to minority business enterprises consistent with criteria established by the Mississippi Business Finance Corporation. Such criteria shall include, at a minimum, the following:

(a) The business enterprise must be a private, for-profit enterprise.
(b) If the business enterprise is a proprietorship, the borrower must be a resident citizen of the State of Mississippi; if the business enterprise is a corporation or partnership, at least fifty percent (50%) of the owners must be resident citizens of the State of Mississippi.

(c) The borrower must have at least five percent (5%) equity interest in the business enterprise.

(d) The borrower must demonstrate ability to repay the loan.

(e) The borrower must not be in default of any previous loan from the state or federal government.

(f) Loan proceeds may be used for financing all project costs associated with development or expansion of a new small business, including fixed assets, working capital, start-up costs, rental payments, interest expense during construction and professional fees related to the project.

(g) Loan proceeds shall not be used to pay off existing debt for loan consolidation purposes; to finance the acquisition, construction, improvement or operation of real property which is to be held primarily for sale or investment; to provide for, or free funds, for speculation in any kind of property; or as a loan to owners, partners or stockholders of the applicant which do not change ownership interest by the applicant. However, this does not apply to ordinary compensation for services rendered in the course of business.

(h) The maximum amount that may be loaned to any one (1) borrower shall be Two Hundred Fifty Thousand Dollars ($250,000.00).

(i) The Mississippi Business Finance Corporation shall review each loan before it is made, and no loan shall be made to any borrower until the loan has been reviewed and approved by the Mississippi Business Finance Corporation.
For the purpose of this subsection, the term "minority business enterprise" means a socially and economically disadvantaged small business concern, organized for profit, performing a commercially useful function which is owned and controlled by one or more minorities or minority business enterprises certified by the Mississippi Business Finance Corporation, at least fifty percent (50%) of whom are resident citizens of the State of Mississippi. For purposes of this subsection, the term "socially and economically disadvantaged small business concern" shall have the meaning ascribed to such term under the Small Business Act (15 USCS, Section 637(a)), or women, and the term "owned and controlled" means a business in which one or more minorities or minority business enterprises certified by the Mississippi Business Finance Corporation own sixty percent (60%) or, in the case of a corporation, sixty percent (60%) of the voting stock, and control sixty percent (60%) of the management and daily business operations of the business.

From and after July 1, 2003, monies not loaned or granted by the Business Finance Corporation to planning and development districts or qualified entities under this subsection, and monies not loaned by planning and development districts or qualified entities, shall be deposited to the credit of the sinking fund created and maintained in the State Treasury for the retirement of bonds issued under Section 69-2-19.

(5) The Mississippi Business Finance Corporation shall develop a program which will assist minority business enterprises by guaranteeing bid, performance and payment bonds which such minority businesses are required to obtain in order to contract with federal agencies, state agencies or political subdivisions of the state. Monies for such program shall be drawn from the monies allocated under subsection (4) of this section to assist the financing of minority economic development and shall not exceed Two Million Dollars ($2,000,000.00) in the aggregate. The
Mississippi Business Finance Corporation may promulgate rules and regulations for the operation of the program established pursuant to this subsection. For the purpose of this subsection (5) the term "minority business enterprise" has the meaning assigned such term in subsection (4) of this section.

(6) The Mississippi Business Finance Corporation may loan or grant to public entities and to nonprofit corporations funds to defray the expense of financing (or to match any funds available from other public or private sources for the expense of financing) projects in this state which are devoted to the study, teaching and/or promotion of regional crafts and which are deemed by the corporation to be significant tourist attractions. The monies loaned or granted shall be drawn from the Emerging Crops Fund and shall not exceed Two Hundred Fifty Thousand Dollars ($250,000.00) in the aggregate.

(7) Through June 30, 1998, the Mississippi Business Finance Corporation shall make available to the Mississippi Department of Agriculture and Commerce funds for the purpose of establishing loan revolving funds and other methods of financing for agribusiness programs administered under the Mississippi Agribusiness Council Act of 1993. The monies made available by the Mississippi Business Finance Corporation shall be drawn from the Emerging Crops Fund and shall not exceed Seven Hundred Thousand Dollars ($700,000.00) in the aggregate. The Mississippi Department of Agriculture and Commerce shall establish control and auditing procedures for use of these funds. These funds will be used primarily for quick payment to farmers for vegetable and fruit crops processed and sold through vegetable processing plants associated with the Department of Agriculture and Commerce and the Mississippi State Extension Service.

(8) From and after July 1, 1996, the Mississippi Business Finance Corporation shall make available to the Mississippi Small Farm Development Center One Million Dollars ($1,000,000.00) to be
used by the center to assist small entrepreneurs as provided in
Section 37-101-25, Mississippi Code of 1972. The monies made
available by the Mississippi Business Finance Corporation shall be
drawn from the Emerging Crops Fund.

(9) The Mississippi Business Finance Corporation shall make
available to the Agribusiness and Natural Resource Development
Center through Alcorn State University an amount not to exceed Two
Hundred Fifty Thousand Dollars ($250,000.00) in Fiscal Year 2001
and Two Hundred Fifty Thousand Dollars ($250,000.00) in Fiscal
Year 2002 from the cash balance of the Emerging Crops Fund to
support the development of a cooperative program for agribusiness
development, marketing and natural resources development. This
subsection (9) shall stand repealed on June 30, 2002.

(10) The Mississippi Business Finance Corporation shall make
available to the Small Farm Development Center at Alcorn State
University funds in an aggregate amount not to exceed One Hundred
Three Million Dollars ($103,000,000.00), to be drawn from the cash
balance of the Emerging Crops Fund. The Small Farm Development
Center at Alcorn State University shall use such funds to make
loans to producers of sweet potatoes and cooperatives anywhere in
the State of Mississippi owned by sweet potato producers to assist
in the planting of sweet potatoes and the purchase of sweet potato
production and harvesting equipment. A report of the loans made
under this subsection shall be furnished by January 15 of each
year to the Chairman of the Senate Agriculture Committee and the
Chairman of the House Agriculture Committee.

(11) The Mississippi Business Finance Corporation shall make
available to the Mississippi Department of Agriculture and
Commerce "Make Mississippi Mine" program an amount not to exceed
One Hundred Fifty Thousand Dollars ($150,000.00) to be drawn from
the cash balance of the Emerging Crops Fund.

SECTION 2. Section 69-2-19, Mississippi Code of 1972, is
amended as follows:

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69-2-19. The Mississippi Development Authority is authorized, at one time, or from time to time, to declare by resolution the necessity for issuance of negotiable general obligation bonds of the State of Mississippi to provide funds for the Emerging Crops Fund established in Section 69-2-13. Upon the adoption of a resolution by the board, declaring the necessity for the issuance of any part or all of the general obligation bonds authorized by Sections 69-2-19 through 69-2-39, the department shall deliver a certified copy of its resolution or resolutions to the State Bond Commission. Upon receipt of same, the State Bond Commission, in its discretion, shall act as the issuing agent, prescribe the form of the bonds, advertise for and accept bids, issue and sell the bonds so authorized to be sold, and do any and all other things necessary and advisable in connection with the issuance and sale of such bonds. The amount of bonds issued under Sections 69-2-19 through 69-2-39 shall not exceed One Hundred Three Million Dollars ($103,000,000.00) in the aggregate. No bonds may be issued under Sections 69-2-19 through 69-2-39 after October 1, 2003.

SECTION 3. This act shall take effect and be in force from and after its passage.