

By: Senator(s) Horhn

To: Finance

## SENATE BILL NO. 3156

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

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

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

20 69-2-13. (1) There is hereby established in the State  
21 Treasury a fund to be known as the "Emerging Crops Fund," which  
22 shall be used to pay the interest on loans made to farmers for  
23 nonland capital costs of establishing production of emerging crops  
24 on land in Mississippi, and to make loans and grants which are  
25 authorized under this section to be made from the fund. The fund  
26 shall be administered by the Mississippi Development Authority. A  
27 board comprised of the directors of the department, the  
28 Mississippi Cooperative Extension Service, the Mississippi Small  
29 Farm Development Center and the Mississippi Agricultural and  
30 Forestry Experiment Station, or their designees, shall develop  
31 definitions, guidelines and procedures for the implementation of  
32 this chapter. Funds for the Emerging Crops Fund shall be provided

33 from the issuance of bonds or notes under Sections 69-2-19 through  
34 69-2-37 and from repayment of interest loans made from the fund.

35 (2) (a) The Mississippi Business Finance Corporation shall  
36 develop a program which gives fair consideration to making loans  
37 for the processing and manufacturing of goods and services by  
38 agribusiness, greenhouse production horticulture, and small  
39 business concerns. It is the policy of the State of Mississippi  
40 that such corporation shall give due recognition to and shall aid,  
41 counsel, assist and protect, insofar as is possible, the interests  
42 of agribusiness, greenhouse production horticulture, and small  
43 business concerns. To ensure that the purposes of this subsection  
44 are carried out, the corporation shall loan not more than One  
45 Million Dollars (\$1,000,000.00) to finance any single  
46 agribusiness, greenhouse production horticulture, or small  
47 business concern. Loans made pursuant to this subsection shall be  
48 made in accordance with the criteria established in Section  
49 57-71-11.

50 (b) The Mississippi Business Finance Corporation may,  
51 out of the total amount of bonds authorized to be issued under  
52 this chapter, make available funds to any planning and development  
53 district in accordance with the criteria established in Section  
54 57-71-11. Planning and development districts which receive monies  
55 pursuant to this provision shall use such monies to make loans to  
56 private companies for purposes consistent with this subsection.

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

62 (3) The department shall, in addition to the other programs  
63 described in this section, provide for a program of loans to be  
64 made to agribusiness or greenhouse production horticulture  
65 enterprises for the purpose of encouraging thereby the extension

66 of conventional financing and the issuance of letters of credit to  
67 such agribusiness or greenhouse production horticulture  
68 enterprises by private institutions. Monies to make such loans by  
69 the department shall be drawn from the Emerging Crops Fund. The  
70 amount of a loan to any single agribusiness or greenhouse  
71 production horticulture enterprise shall not exceed twenty percent  
72 (20%) of the total cost of the project for which financing is  
73 sought or Two Hundred Thousand Dollars (\$200,000.00), whichever is  
74 less. No interest shall be charged on such loans, and only the  
75 amount actually loaned shall be required to be repaid. Repayments  
76 shall be deposited into the Emerging Crops Fund.

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

97 (a) The business enterprise must be a private,  
98 for-profit enterprise.

99           (b) If the business enterprise is a proprietorship, the  
100 borrower must be a resident citizen of the State of Mississippi;  
101 if the business enterprise is a corporation or partnership, at  
102 least fifty percent (50%) of the owners must be resident citizens  
103 of the State of Mississippi.

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

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

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

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

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

124           (h) The maximum amount that may be loaned to any one  
125 (1) borrower shall be Two Hundred Fifty Thousand Dollars  
126 (\$250,000.00).

127           (i) The Mississippi Business Finance Corporation shall  
128 review each loan before it is made, and no loan shall be made to  
129 any borrower until the loan has been reviewed and approved by the  
130 Mississippi Business Finance Corporation.

131 For the purpose of this subsection, the term "minority  
132 business enterprise" means a socially and economically  
133 disadvantaged small business concern, organized for profit,  
134 performing a commercially useful function which is owned and  
135 controlled by one or more minorities or minority business  
136 enterprises certified by the Mississippi Business Finance  
137 Corporation, at least fifty percent (50%) of whom are resident  
138 citizens of the State of Mississippi. For purposes of this  
139 subsection, the term "socially and economically disadvantaged  
140 small business concern" shall have the meaning ascribed to such  
141 term under the Small Business Act (15 USCS, Section 637(a)), or  
142 women, and the term "owned and controlled" means a business in  
143 which one or more minorities or minority business enterprises  
144 certified by the Mississippi Business Finance Corporation own  
145 sixty percent (60%) or, in the case of a corporation, sixty  
146 percent (60%) of the voting stock, and control sixty percent (60%)  
147 of the management and daily business operations of the business.

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

155 (5) The Mississippi Business Finance Corporation shall  
156 develop a program which will assist minority business enterprises  
157 by guaranteeing bid, performance and payment bonds which such  
158 minority businesses are required to obtain in order to contract  
159 with federal agencies, state agencies or political subdivisions of  
160 the state. Monies for such program shall be drawn from the monies  
161 allocated under subsection (4) of this section to assist the  
162 financing of minority economic development and shall not exceed  
163 Two Million Dollars (\$2,000,000.00) in the aggregate. The

164 Mississippi Business Finance Corporation may promulgate rules and  
165 regulations for the operation of the program established pursuant  
166 to this subsection. For the purpose of this subsection (5) the  
167 term "minority business enterprise" has the meaning assigned such  
168 term in subsection (4) of this section.

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

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

194 (8) From and after July 1, 1996, the Mississippi Business  
195 Finance Corporation shall make available to the Mississippi Small  
196 Farm Development Center One Million Dollars (\$1,000,000.00) to be

197 used by the center to assist small entrepreneurs as provided in  
198 Section 37-101-25, Mississippi Code of 1972. The monies made  
199 available by the Mississippi Business Finance Corporation shall be  
200 drawn from the Emerging Crops Fund.

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

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

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

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

230           69-2-19. The Mississippi Development Authority is  
231 authorized, at one time, or from time to time, to declare by  
232 resolution the necessity for issuance of negotiable general  
233 obligation bonds of the State of Mississippi to provide funds for  
234 the Emerging Crops Fund established in Section 69-2-13. Upon the  
235 adoption of a resolution by the board, declaring the necessity for  
236 the issuance of any part or all of the general obligation bonds  
237 authorized by Sections 69-2-19 through 69-2-39, the department  
238 shall deliver a certified copy of its resolution or resolutions to  
239 the State Bond Commission. Upon receipt of same, the State Bond  
240 Commission, in its discretion, shall act as the issuing agent,  
241 prescribe the form of the bonds, advertise for and accept bids,  
242 issue and sell the bonds so authorized to be sold, and do any and  
243 all other things necessary and advisable in connection with the  
244 issuance and sale of such bonds. The amount of bonds issued under  
245 Sections 69-2-19 through 69-2-39 shall not exceed One Hundred  
246 Three Million Dollars (\$103,000,000.00) in the aggregate. No  
247 bonds may be issued under Sections 69-2-19 through 69-2-39 after  
248 October 1, 2003.

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