

By: Representatives Ford, Reynolds

To: Ways and Means

HOUSE BILL NO. 430  
(As Passed the House)

1 AN ACT TO AMEND SECTION 69-2-13, MISSISSIPPI CODE OF 1972, TO  
2 AUTHORIZE THE MISSISSIPPI DEVELOPMENT AUTHORITY TO DRAW  
3 \$21,000,000.00 FROM THE EMERGING CROPS FUND TO PROVIDE LOANS AND  
4 LOAN GUARANTIES TO OR ON BEHALF OF ANY AGRIBUSINESS ENTERPRISE  
5 ENGAGED IN BEEF PROCESSING FOR THE PURPOSE OF ENCOURAGING THE  
6 EXTENSION OF CONVENTIONAL FINANCING AND THE ISSUANCE OF LETTERS OF  
7 CREDIT TO SUCH AGRIBUSINESS ENTERPRISES BY PRIVATE INSTITUTIONS;  
8 TO EXTEND THE REPEALER ON MONIES MADE AVAILABLE TO THE  
9 AGRIBUSINESS AND NATURAL RESOURCE DEVELOPMENT CENTER AT ALCORN  
10 STATE UNIVERSITY FROM THE EMERGING CROPS FUND; AND FOR RELATED  
11 PURPOSES.

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

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

15 69-2-13. (1) There is hereby established in the State  
16 Treasury a fund to be known as the "Emerging Crops Fund," which  
17 shall be used to pay the interest on loans made to farmers for  
18 nonland capital costs of establishing production of emerging crops  
19 on land in Mississippi, and to make loans and grants which are  
20 authorized under this section to be made from the fund. The fund  
21 shall be administered by the Mississippi Development Authority. A  
22 board comprised of the directors of the authority, the Mississippi  
23 Cooperative Extension Service, the Mississippi Small Farm  
24 Development Center and the Mississippi Agricultural and Forestry  
25 Experiment Station, or their designees, shall develop definitions,  
26 guidelines and procedures for the implementation of this chapter.  
27 Funds for the Emerging Crops Fund shall be provided from the  
28 issuance of bonds or notes under Sections 69-2-19 through 69-2-37  
29 and from repayment of interest loans made from the fund.

30 (2) (a) The Mississippi Development Authority shall develop  
31 a program which gives fair consideration to making loans for the



32 processing and manufacturing of goods and services by  
33 agribusiness, greenhouse production horticulture, and small  
34 business concerns. It is the policy of the State of Mississippi  
35 that the Mississippi Development Authority shall give due  
36 recognition to and shall aid, counsel, assist and protect, insofar  
37 as is possible, the interests of agribusiness, greenhouse  
38 production horticulture, and small business concerns. To ensure  
39 that the purposes of this subsection are carried out, the  
40 Mississippi Development Authority shall loan not more than One  
41 Million Dollars (\$1,000,000.00) to finance any single  
42 agribusiness, greenhouse production horticulture, or small  
43 business concern. Loans made pursuant to this subsection shall be  
44 made in accordance with the criteria established in Section  
45 57-71-11.

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

53 (c) The Mississippi Development Authority is hereby  
54 authorized to engage legal services, financial advisors,  
55 appraisers and consultants if needed to review and close loans  
56 made hereunder and to establish and assess reasonable fees  
57 including, but not limited to, liquidation expenses.

58 (3) (a) The Mississippi Development Authority shall, in  
59 addition to the other programs described in this section, provide  
60 for a program of loans to be made to agribusiness or greenhouse  
61 production horticulture enterprises for the purpose of encouraging  
62 thereby the extension of conventional financing and the issuance  
63 of letters of credit to such agribusiness or greenhouse production  
64 horticulture enterprises by private institutions. Monies to make



65 such loans by the Mississippi Development Authority shall be drawn  
66 from the Emerging Crops Fund. The amount of a loan to any single  
67 agribusiness or greenhouse production horticulture enterprise  
68 under this paragraph (a) shall not exceed twenty percent (20%) of  
69 the total cost of the project for which financing is sought or Two  
70 Hundred Thousand Dollars (\$200,000.00), whichever is less. No  
71 interest shall be charged on such loans, and only the amount  
72 actually loaned shall be required to be repaid. Repayments shall  
73 be deposited into the Emerging Crops Fund.

74 (b) The Mississippi Development Authority shall, in  
75 addition to the other programs described in this section, provide  
76 for a program of loans or loan guaranties, or both, to be made to  
77 or on behalf of any agribusiness enterprise engaged in beef  
78 processing for the purpose of encouraging thereby the extension of  
79 conventional financing and the issuance of letters of credit to  
80 such agribusiness enterprises by private institutions. Monies to  
81 make such loans or loan guaranties, or both, by the Mississippi  
82 Development Authority shall be drawn from the Emerging Crops Fund  
83 and shall not exceed Twenty-one Million Dollars (\$21,000,000.00)  
84 in the aggregate. The amount of a loan to any single agribusiness  
85 enterprise or loan guaranty on behalf of such agribusiness  
86 enterprise, or both, under this paragraph (b) shall not exceed the  
87 total cost of the project for which financing is sought or  
88 Twenty-one Million Dollars (\$21,000,000.00), whichever is less.  
89 The interest charged on a loan made under this paragraph (b) shall  
90 be at a rate determined by the Mississippi Development Authority.  
91 All repayments of any loan made under this paragraph (b) shall be  
92 deposited into the Emerging Crops Fund. Assistance received by an  
93 agribusiness enterprise under this paragraph (b) shall not  
94 disqualify the agribusiness enterprise from obtaining any other  
95 assistance under this chapter.

96 (4) (a) Through June 30, 2003, the Mississippi Development  
97 Authority may loan or grant to qualified planning and development



98 districts, and to small business investment corporations,  
99 bank-based community development corporations, the Recruitment and  
100 Training Program, Inc., the City of Jackson Business Development  
101 Loan Fund, the Lorman Southwest Mississippi Development  
102 Corporation, the West Jackson Community Development Corporation,  
103 the East Mississippi Development Corporation, and other entities  
104 meeting the criteria established by the Mississippi Development  
105 Authority (all referred to hereinafter as "qualified entities"),  
106 funds for the purpose of establishing loan revolving funds to  
107 assist in providing financing for minority economic development.  
108 The monies loaned or granted by the Mississippi Development  
109 Authority shall be drawn from the Emerging Crops Fund and shall  
110 not exceed Twenty-three Million Dollars (\$23,000,000.00) in the  
111 aggregate. Planning and development districts or qualified  
112 entities which receive monies pursuant to this provision shall use  
113 such monies to make loans to minority business enterprises  
114 consistent with criteria established by the Mississippi  
115 Development Authority. Such criteria shall include, at a minimum,  
116 the following:

117 (i) The business enterprise must be a private,  
118 for-profit enterprise.

119 (ii) If the business enterprise is a  
120 proprietorship, the borrower must be a resident citizen of the  
121 State of Mississippi; if the business enterprise is a corporation  
122 or partnership, at least fifty percent (50%) of the owners must be  
123 resident citizens of the State of Mississippi.

124 (iii) The borrower must have at least five percent  
125 (5%) equity interest in the business enterprise.

126 (iv) The borrower must demonstrate ability to  
127 repay the loan.

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



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

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

144                   (viii) The maximum amount that may be loaned to  
145 any one (1) borrower shall be Two Hundred Fifty Thousand Dollars  
146 (\$250,000.00).

147                   (ix) The Mississippi Development Authority shall  
148 review each loan before it is made, and no loan shall be made to  
149 any borrower until the loan has been reviewed and approved by the  
150 Mississippi Development Authority.

151                   (b) For the purpose of this subsection, the term  
152 "minority business enterprise" means a socially and economically  
153 disadvantaged small business concern, organized for profit,  
154 performing a commercially useful function which is owned and  
155 controlled by one or more minorities or minority business  
156 enterprises certified by the Mississippi Development Authority, at  
157 least fifty percent (50%) of whom are resident citizens of the  
158 State of Mississippi. For purposes of this subsection, the term  
159 "socially and economically disadvantaged small business concern"  
160 shall have the meaning ascribed to such term under the Small  
161 Business Act (15 USCS, Section 637(a)), or women, and the term  
162 "owned and controlled" means a business in which one or more



163 minorities or minority business enterprises certified by the  
164 Mississippi Development Authority own sixty percent (60%) or, in  
165 the case of a corporation, sixty percent (60%) of the voting  
166 stock, and control sixty percent (60%) of the management and daily  
167 business operations of the business.

168 From and after July 1, 2003, monies not loaned or granted by  
169 the Mississippi Development Authority to planning and development  
170 districts or qualified entities under this subsection, and monies  
171 not loaned by planning and development districts or qualified  
172 entities, shall be deposited to the credit of the sinking fund  
173 created and maintained in the State Treasury for the retirement of  
174 bonds issued under Section 69-2-19.

175 (c) Notwithstanding any other provision of this  
176 subsection to the contrary, if federal funds are not available for  
177 commitments made by a planning and development district to provide  
178 assistance under any federal loan program administered by the  
179 planning and development district in coordination with the  
180 Appalachian Regional Commission or Economic Development  
181 Administration, or both, a planning and development district may  
182 use funds in its loan revolving fund, which have not been  
183 committed otherwise to provide assistance, for the purpose of  
184 providing temporary funding for such commitments. If a planning  
185 and development district uses uncommitted funds in its loan  
186 revolving fund to provide such temporary funding, the district  
187 shall use funds repaid to the district under the temporarily  
188 funded federal loan program to replenish the funds used to provide  
189 the temporary funding. Funds used by a planning and development  
190 district to provide temporary funding under this paragraph (c)  
191 must be repaid to the district's loan revolving fund no later than  
192 twelve (12) months after the date the district provides the  
193 temporary funding. A planning and development district may not  
194 use uncommitted funds in its loan revolving fund to provide  
195 temporary funding under this paragraph (c) on more than two (2)



196 occasions during a calendar year. A planning and development  
197 district may provide temporary funding for multiple commitments on  
198 each such occasion. The maximum aggregate amount of uncommitted  
199 funds in a loan revolving fund that may be used for such purposes  
200 during a calendar year shall not exceed seventy percent (70%) of  
201 the uncommitted funds in the loan revolving fund on the date the  
202 district first provides temporary funding during the calendar  
203 year.

204 (d) If the Mississippi Development Authority determines  
205 that a planning and development district or qualified entity has  
206 provided loans to minority businesses in a manner inconsistent  
207 with the provisions of this subsection, then the amount of such  
208 loans so provided shall be withheld by the Mississippi Development  
209 Authority from any additional grant funds to which the planning  
210 and development district or qualified entity becomes entitled  
211 under this subsection. If the Mississippi Development Authority  
212 determines, after notifying such planning and development district  
213 or qualified entity twice in writing and providing such planning  
214 and development district or qualified entity a reasonable  
215 opportunity to comply, that a planning and development district or  
216 qualified entity has consistently failed to comply with this  
217 subsection, the Mississippi Development Authority may declare such  
218 planning and development district or qualified entity in default  
219 under this subsection and, upon receipt of notice thereof from the  
220 Mississippi Development Authority, such planning and development  
221 district or qualified entity shall immediately cease providing  
222 loans under this subsection, shall refund to the Mississippi  
223 Development Authority for distribution to other planning and  
224 development districts or qualified entities all funds held in its  
225 revolving loan fund and, if required by the Mississippi  
226 Development Authority, shall convey to the Mississippi Development  
227 Authority, all administrative and management control of loans  
228 provided by it under this subsection.



229 (e) If the Mississippi Development Authority  
230 determines, after notifying a planning and development district or  
231 qualified entity twice in writing and providing copies of such  
232 notification to each member of the Legislature in whose district  
233 or in a part of whose district such planning and development  
234 district or qualified entity is located and providing such  
235 planning and development district or qualified entity a reasonable  
236 opportunity to take corrective action, that a planning and  
237 development district or qualified entity administering a revolving  
238 loan fund under the provisions of this subsection is not actively  
239 engaged in lending as defined by the rules and regulations of the  
240 Mississippi Development Authority, the Mississippi Development  
241 Authority may declare such planning and development district or  
242 qualified entity in default under this subsection and, upon  
243 receipt of notice thereof from the Mississippi Development  
244 Authority, such planning and development district or qualified  
245 entity shall immediately cease providing loans under this  
246 subsection, shall refund to the Mississippi Development Authority  
247 for distribution to other planning and development districts or  
248 qualified entities all funds held in its revolving loan fund and,  
249 if required by the Mississippi Development Authority, shall convey  
250 to the Mississippi Development Authority all administrative and  
251 management control of loans provided by it under this subsection.

252 (5) The Mississippi Development Authority shall develop a  
253 program which will assist minority business enterprises by  
254 guaranteeing bid, performance and payment bonds which such  
255 minority businesses are required to obtain in order to contract  
256 with federal agencies, state agencies or political subdivisions of  
257 the state. Monies for such program shall be drawn from the monies  
258 allocated under subsection (4) of this section to assist the  
259 financing of minority economic development and shall not exceed  
260 Three Million Dollars (\$3,000,000.00) in the aggregate. The  
261 Mississippi Development Authority may promulgate rules and





262 regulations for the operation of the program established pursuant  
263 to this subsection. For the purpose of this subsection (5) the  
264 term "minority business enterprise" has the meaning assigned such  
265 term in subsection (4) of this section.

266 (6) The Mississippi Development Authority may loan or grant  
267 to public entities and to nonprofit corporations funds to defray  
268 the expense of financing (or to match any funds available from  
269 other public or private sources for the expense of financing)  
270 projects in this state which are devoted to the study, teaching  
271 and/or promotion of regional crafts and which are deemed by the  
272 authority to be significant tourist attractions. The monies  
273 loaned or granted shall be drawn from the Emerging Crops Fund and  
274 shall not exceed Two Hundred Fifty Thousand Dollars (\$250,000.00)  
275 in the aggregate.

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

291 (8) From and after July 1, 1996, the Mississippi Development  
292 Authority shall make available to the Mississippi Small Farm  
293 Development Center One Million Dollars (\$1,000,000.00) to be used  
294 by the center to assist small entrepreneurs as provided in Section



295 37-101-25, Mississippi Code of 1972. The monies made available by  
296 the Mississippi Development Authority shall be drawn from the  
297 Emerging Crops Fund.

298 (9) The Mississippi Development Authority shall make  
299 available to the Agribusiness and Natural Resource Development  
300 Center through Alcorn State University an amount not to exceed Two  
301 Hundred Fifty Thousand Dollars (\$250,000.00) in fiscal year 2001  
302 and Two Hundred Fifty Thousand Dollars (\$250,000.00) in fiscal  
303 year 2002 from the cash balance of the Emerging Crops Fund to  
304 support the development of a cooperative program for agribusiness  
305 development, marketing and natural resources development. This  
306 subsection (9) shall stand repealed on June 30, 2003.

307 (10) The Mississippi Development Authority shall make  
308 available to the Small Farm Development Center at Alcorn State  
309 University funds in an aggregate amount not to exceed Three  
310 Hundred Thousand Dollars (\$300,000.00), to be drawn from the cash  
311 balance of the Emerging Crops Fund. The Small Farm Development  
312 Center at Alcorn State University shall use such funds to make  
313 loans to producers of sweet potatoes and cooperatives anywhere in  
314 the State of Mississippi owned by sweet potato producers to assist  
315 in the planting of sweet potatoes and the purchase of sweet potato  
316 production and harvesting equipment. A report of the loans made  
317 under this subsection shall be furnished by January 15 of each  
318 year to the Chairman of the Senate Agriculture Committee and the  
319 Chairman of the House Agriculture Committee.

320 (11) The Mississippi Development Authority shall make  
321 available to the Mississippi Department of Agriculture and  
322 Commerce "Make Mississippi Mine" program an amount not to exceed  
323 One Hundred Fifty Thousand Dollars (\$150,000.00) to be drawn from  
324 the cash balance of the Emerging Crops Fund.

325 **SECTION 2.** This act shall take effect and be in force from  
326 and after its passage.

