

By: Representative Huddleston

To: Ways and Means

HOUSE BILL NO. 965

1 AN ACT TO AMEND SECTION 69-2-13, MISSISSIPPI CODE OF 1972, TO
 2 INCREASE TO \$24,000,000.00, THE AMOUNT OF MONEY THAT MAY BE DRAWN
 3 FROM THE EMERGING CROPS FUND BY THE MISSISSIPPI DEVELOPMENT
 4 AUTHORITY TO ASSIST IN PROVIDING FINANCING FOR MINORITY ECONOMIC
 5 DEVELOPMENT; TO PROVIDE THAT THE MISSISSIPPI DEVELOPMENT AUTHORITY
 6 SHALL MAKE LOANS FROM THE EMERGING CROPS FUND TO PRODUCERS OF
 7 SWEET POTATOES AND COOPERATIVES OWNED BY SWEET POTATO PRODUCERS TO
 8 ASSIST IN THE PLANTING OF SWEET POTATOES AND THE PURCHASE OF SWEET
 9 POTATO PRODUCTION AND HARVESTING EQUIPMENT; TO AMEND SECTION
 10 69-2-19, MISSISSIPPI CODE OF 1972, TO INCREASE TO \$103,000,000.00,
 11 THE AMOUNT OF BONDS THAT MAY BE ISSUED TO PROVIDE FUNDS FOR THE
 12 EMERGING CROPS FUND; AND FOR RELATED PURPOSES.

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

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

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

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



33 processing and manufacturing of goods and services by
34 agribusiness, greenhouse production horticulture, and small
35 business concerns. It is the policy of the State of Mississippi
36 that the Mississippi Development Authority shall give due
37 recognition to and shall aid, counsel, assist and protect, insofar
38 as is possible, the interests of agribusiness, greenhouse
39 production horticulture, and small business concerns. To ensure
40 that the purposes of this subsection are carried out, the
41 Mississippi Development Authority shall loan not more than One
42 Million Dollars (\$1,000,000.00) to finance any single
43 agribusiness, greenhouse production horticulture, or small
44 business concern. Loans made pursuant to this subsection shall be
45 made in accordance with the criteria established in Section
46 57-71-11.

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

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

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



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

75 (4) (a) Through June 30, 2003, the Mississippi Development
76 Authority may loan or grant to qualified planning and development
77 districts, and to small business investment corporations,
78 bank-based community development corporations, the Recruitment and
79 Training Program, Inc., the City of Jackson Business Development
80 Loan Fund, the Lorman Southwest Mississippi Development
81 Corporation, the West Jackson Community Development Corporation,
82 the East Mississippi Development Corporation, and other entities
83 meeting the criteria established by the Mississippi Development
84 Authority (all referred to hereinafter as "qualified entities"),
85 funds for the purpose of establishing loan revolving funds to
86 assist in providing financing for minority economic development.
87 The monies loaned or granted by the Mississippi Development
88 Authority shall be drawn from the Emerging Crops Fund and shall
89 not exceed Twenty-four Million Dollars (\$24,000,000.00) in the
90 aggregate. Planning and development districts or qualified
91 entities which receive monies pursuant to this provision shall use
92 such monies to make loans to minority business enterprises
93 consistent with criteria established by the Mississippi
94 Development Authority. Such criteria shall include, at a minimum,
95 the following:

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



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

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

105 (iv) The borrower must demonstrate ability to
106 repay the loan.

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

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

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

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

126 (ix) The Mississippi Development Authority shall
127 review each loan before it is made, and no loan shall be made to
128 any borrower until the loan has been reviewed and approved by the
129 Mississippi Development Authority.



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

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

154 (c) Notwithstanding any other provision of this
155 subsection to the contrary, if federal funds are not available for
156 commitments made by a planning and development district to provide
157 assistance under any federal loan program administered by the
158 planning and development district in coordination with the
159 Appalachian Regional Commission or Economic Development
160 Administration, or both, a planning and development district may
161 use funds in its loan revolving fund, which have not been
162 committed otherwise to provide assistance, for the purpose of



163 providing temporary funding for such commitments. If a planning
164 and development district uses uncommitted funds in its loan
165 revolving fund to provide such temporary funding, the district
166 shall use funds repaid to the district under the temporarily
167 funded federal loan program to replenish the funds used to provide
168 the temporary funding. Funds used by a planning and development
169 district to provide temporary funding under this paragraph (c)
170 must be repaid to the district's loan revolving fund no later than
171 twelve (12) months after the date the district provides the
172 temporary funding. A planning and development district may not
173 use uncommitted funds in its loan revolving fund to provide
174 temporary funding under this paragraph (c) on more than two (2)
175 occasions during a calendar year. A planning and development
176 district may provide temporary funding for multiple commitments on
177 each such occasion. The maximum aggregate amount of uncommitted
178 funds in a loan revolving fund that may be used for such purposes
179 during a calendar year shall not exceed seventy percent (70%) of
180 the uncommitted funds in the loan revolving fund on the date the
181 district first provides temporary funding during the calendar
182 year.

183 (d) If the Mississippi Development Authority determines
184 that a planning and development district or qualified entity has
185 provided loans to minority businesses in a manner inconsistent
186 with the provisions of this subsection, then the amount of such
187 loans so provided shall be withheld by the Mississippi Development
188 Authority from any additional grant funds to which the planning
189 and development district or qualified entity becomes entitled
190 under this subsection. If the Mississippi Development Authority
191 determines, after notifying such planning and development district
192 or qualified entity twice in writing and providing such planning
193 and development district or qualified entity a reasonable
194 opportunity to comply, that a planning and development district or
195 qualified entity has consistently failed to comply with this



196 subsection, the Mississippi Development Authority may declare such
197 planning and development district or qualified entity in default
198 under this subsection and, upon receipt of notice thereof from the
199 Mississippi Development Authority, such planning and development
200 district or qualified entity shall immediately cease providing
201 loans under this subsection, shall refund to the Mississippi
202 Development Authority for distribution to other planning and
203 development districts or qualified entities all funds held in its
204 revolving loan fund and, if required by the Mississippi
205 Development Authority, shall convey to the Mississippi Development
206 Authority, all administrative and management control of loans
207 provided by it under this subsection.

208 (e) If the Mississippi Development Authority
209 determines, after notifying a planning and development district or
210 qualified entity twice in writing and providing copies of such
211 notification to each member of the Legislature in whose district
212 or in a part of whose district such planning and development
213 district or qualified entity is located and providing such
214 planning and development district or qualified entity a reasonable
215 opportunity to take corrective action, that a planning and
216 development district or qualified entity administering a revolving
217 loan fund under the provisions of this subsection is not actively
218 engaged in lending as defined by the rules and regulations of the
219 Mississippi Development Authority, the Mississippi Development
220 Authority may declare such planning and development district or
221 qualified entity in default under this subsection and, upon
222 receipt of notice thereof from the Mississippi Development
223 Authority, such planning and development district or qualified
224 entity shall immediately cease providing loans under this
225 subsection, shall refund to the Mississippi Development Authority
226 for distribution to other planning and development districts or
227 qualified entities all funds held in its revolving loan fund and,
228 if required by the Mississippi Development Authority, shall convey



229 to the Mississippi Development Authority all administrative and
230 management control of loans provided by it under this subsection.

231 (5) The Mississippi Development Authority shall develop a
232 program which will assist minority business enterprises by
233 guaranteeing bid, performance and payment bonds which such
234 minority businesses are required to obtain in order to contract
235 with federal agencies, state agencies or political subdivisions of
236 the state. Monies for such program shall be drawn from the monies
237 allocated under subsection (4) of this section to assist the
238 financing of minority economic development and shall not exceed
239 Three Million Dollars (\$3,000,000.00) in the aggregate. The
240 Mississippi Development Authority may promulgate rules and
241 regulations for the operation of the program established pursuant
242 to this subsection. For the purpose of this subsection (5) the
243 term "minority business enterprise" has the meaning assigned such
244 term in subsection (4) of this section.

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

255 (7) Through June 30, 1998, the Mississippi Development
256 Authority shall make available to the Mississippi Department of
257 Agriculture and Commerce funds for the purpose of establishing
258 loan revolving funds and other methods of financing for
259 agribusiness programs administered under the Mississippi
260 Agribusiness Council Act of 1993. The monies made available by
261 the Mississippi Development Authority shall be drawn from the



262 Emerging Crops Fund and shall not exceed Seven Hundred Thousand
263 Dollars (\$700,000.00) in the aggregate. The Mississippi
264 Department of Agriculture and Commerce shall establish control and
265 auditing procedures for use of these funds. These funds will be
266 used primarily for quick payment to farmers for vegetable and
267 fruit crops processed and sold through vegetable processing plants
268 associated with the Department of Agriculture and Commerce and the
269 Mississippi State Extension Service.

270 (8) From and after July 1, 1996, the Mississippi Development
271 Authority shall make available to the Mississippi Small Farm
272 Development Center One Million Dollars (\$1,000,000.00) to be used
273 by the center to assist small entrepreneurs as provided in Section
274 37-101-25, Mississippi Code of 1972. The monies made available by
275 the Mississippi Development Authority shall be drawn from the
276 Emerging Crops Fund.

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

286 (10) The Mississippi Development Authority shall make
287 available to the Small Farm Development Center at Alcorn State
288 University funds in an aggregate amount not to exceed Three
289 Hundred Thousand Dollars (\$300,000.00), to be drawn from the cash
290 balance of the Emerging Crops Fund. The Small Farm Development
291 Center at Alcorn State University shall use such funds to make
292 loans to producers of sweet potatoes and cooperatives anywhere in
293 the State of Mississippi owned by sweet potato producers to assist
294 in the planting of sweet potatoes and the purchase of sweet potato



295 production and harvesting equipment. A report of the loans made
296 under this subsection shall be furnished by January 15 of each
297 year to the Chairman of the Senate Agriculture Committee and the
298 Chairman of the House Agriculture Committee.

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

304 (12) The Mississippi Development Authority shall make loans
305 to producers of sweet potatoes and cooperatives owned by sweet
306 potato producers to assist in the planting of sweet potatoes and
307 the purchase of sweet potato production and harvesting equipment.
308 The monies loaned by the Mississippi Business Finance Corporation
309 shall be drawn from the Emerging Crops Fund and shall not exceed
310 One Million Dollars (\$1,000,000.00) in the aggregate.

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

313 69-2-19. The Mississippi Development Authority is
314 authorized, at one (1) time or from time to time, to declare by
315 resolution the necessity for issuance of negotiable general
316 obligation bonds of the State of Mississippi to provide funds for
317 the Emerging Crops Fund established in Section 69-2-13. Upon the
318 adoption of a resolution by the board, declaring the necessity for
319 the issuance of any part or all of the general obligation bonds
320 authorized by Sections 69-2-19 through 69-2-39, the authority
321 shall deliver a certified copy of its resolution or resolutions to
322 the State Bond Commission. Upon receipt of same, the State Bond
323 Commission, in its discretion, shall act as the issuing agent,
324 prescribe the form of the bonds, advertise for and accept bids,
325 issue and sell the bonds so authorized to be sold, and do any and
326 all other things necessary and advisable in connection with the
327 issuance and sale of such bonds. The amount of bonds issued under



328 Sections 69-2-19 through 69-2-39 shall not exceed One Hundred
329 Three Million Dollars (\$103,000,000.00) in the aggregate. No
330 bonds may be issued under Sections 69-2-19 through 69-2-39 after
331 October 1, 2003.

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

