

By: Representative Morris

To: Ways and Means

HOUSE BILL NO. 1624

1 AN ACT TO AMEND SECTION 57-10-513, MISSISSIPPI CODE OF 1972,  
2 TO PROVIDE THAT A SMALL BUSINESS MAY RECEIVE ASSISTANCE FROM A  
3 PLANNING AND DEVELOPMENT DISTRICT OR QUALIFIED ENTITY UNDER THE  
4 MISSISSIPPI SMALL BUSINESS ASSISTANCE ACT FOR THE PURPOSE OF  
5 REFINANCING OR SATISFYING ANY EXISTING DEBT INCURRED BY THE SMALL  
6 BUSINESS UNDER THE SMALL BUSINESS ASSISTANCE ACT; AND FOR RELATED  
7 PURPOSES.

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

9 **SECTION 1.** Section 57-10-513, Mississippi Code of 1972, is  
10 amended as follows:

11 57-10-513. The planning and development districts and  
12 qualified entities are authorized, empowered and directed to  
13 deposit all grant funds received pursuant to this article in a  
14 revolving assistance fund and to provide assistance therefrom to  
15 small businesses in accordance with this article and the following  
16 criteria, terms and conditions:

17 (a) To be eligible for assistance under this article,  
18 the small business and the project to be assisted must meet the  
19 following criteria:

20 (i) Assistance must be in connection with an  
21 identifiable project or business plan, and the principal amount of  
22 all assistance may not exceed fifty percent (50%) of the total  
23 cost of said project or business plan;

24 (ii) Assistance may be used in connection with the  
25 purchase or lease of land, buildings, equipment and inventory, and  
26 for working capital; provided, however, no more than one-third  
27 (1/3) of the total assistance to a small business pursuant to this  
28 article or Fifty Thousand Dollars (\$50,000.00), whichever is less,  
29 may be used for working capital;



30 (iii) Assistance may not be provided for  
31 speculative land or real estate investments;

32 (iv) Assistance may be provided under the program  
33 to refinance or satisfy, or both, any existing debt incurred by  
34 the small business under the program. However, assistance may not  
35 be provided under the program to refinance or satisfy any other  
36 existing debt;

37 (v) Assistance may not be provided to a small  
38 business unless at least sixty percent (60%) of the small business  
39 is owned, directly or indirectly, by individuals who have been  
40 residents of the State of Mississippi for two (2) years  
41 immediately prior to the application for assistance; and

42 (vi) The project or business plan for which  
43 assistance is provided must create or retain full-time jobs, and  
44 the planning and development district or qualified entity must  
45 receive a certificate to that effect from the small business  
46 before any assistance is provided.

47 (b) The interest rate on loans shall not be less than  
48 five percent (5%) per annum or more than four percent (4%) above  
49 the federal discount rate, plus the servicing fees established in  
50 this article.

51 (c) As security for any loan under the program, the  
52 planning and development district or qualified entity shall take a  
53 security interest in assets of the small business and require  
54 personal guarantees of all persons and entities owning twenty  
55 percent (20%) or more of the small business. Such security  
56 interests may be subordinate to other security interests in such  
57 assets.

58 (d) The maximum term of any loan under the program  
59 shall not exceed the following: fifteen (15) years if used to  
60 purchase or lease land or buildings, ten (10) years if used to  
61 purchase or lease equipment, five (5) years if used to provide  
62 working capital and three (3) years if used to purchase inventory.



63           (e) In the event of a default by a small business on a  
64 loan under the program, the planning and development district or  
65 qualified entity shall foreclose and enforce its security  
66 interests and personal guarantees relating to such loan and take  
67 all necessary and appropriate action to recover all principal and  
68 interest owed, and all amounts so recovered shall be deposited in  
69 the revolving assistance fund administered by said planning and  
70 development district or qualified entity. Any small business  
71 which defaults on a loan under the program shall not be eligible  
72 for any other loan under the program.

73           (f) A planning and development district or qualified  
74 entity may acquire, subscribe for, own, hold, sell, assign,  
75 transfer, mortgage or pledge an equity investment in a small  
76 business incorporated under the laws of the State of Mississippi,  
77 provided such equity investment constitutes less than fifty  
78 percent (50%) of the voting shares of the small business and does  
79 not exceed Fifty Thousand Dollars (\$50,000.00), and while the  
80 owner or holder thereof, the planning and development district or  
81 qualified entity may exercise all the rights, powers and  
82 privileges of ownership, including the right to vote thereon. Any  
83 such equity investment in a small business may be redeemed by such  
84 small business upon payment to the planning and development  
85 district or qualified entity of the principal amount of such  
86 equity investment, plus six percent (6%) interest, compounded  
87 annually from the date of such equity investment, provided such  
88 repayment is tendered within seven (7) years of the date of such  
89 equity investment.

90           (g) A planning and development district or qualified  
91 entity shall not utilize more than one-third (1/3) of all grant  
92 funds received for equity investments in small businesses.

93           (h) No small business shall receive assistance under  
94 the program in excess of One Hundred Thousand Dollars  
95 (\$100,000.00).



96           (i) All assistance applications must be reviewed by,  
97 and the terms and conditions of the assistance must be recommended  
98 to the planning and development district or qualified entity, by a  
99 small business assistance review board established by the planning  
100 and development district or qualified entity, consisting of the  
101 following members appointed by the planning and development  
102 district or qualified entity:

103                   (i) Two (2) individuals with current experience in  
104 banking or finance;

105                   (ii) Two (2) principal or majority owners of  
106 private, for-profit commercial enterprises qualifying as small  
107 businesses under this article;

108                   (iii) One (1) senior officer of a private,  
109 for-profit commercial enterprise not qualifying as a small  
110 business under this article or the executive director of an  
111 industrial or economic development foundation;

112                   (iv) One (1) individual who is a minority and who  
113 has current experience in banking or finance or who is the  
114 principal or majority owner of a private, for-profit commercial  
115 enterprise qualifying as a small business under this article; and

116                   (v) One (1) individual who is female and who has  
117 current experience in banking or finance or who is the principal  
118 or majority owner of a private, for-profit commercial enterprise  
119 qualifying as a small business under this article.

120           As used in this paragraph, "minority" shall mean individuals  
121 who are Asian, Black, Hispanic or Native American as defined in  
122 Section 31-7-13(s), Mississippi Code of 1972.

123           All members of such small business assistance review boards  
124 shall be residents of the area served by the planning and  
125 development district or qualified entity. Small business  
126 assistance review boards shall meet at least quarterly and shall  
127 meet anytime there are at least two (2) assistance applications  
128 pending that require review.



129           (j) If the small business assistance review board  
130 recommends that assistance be provided, the planning and  
131 development district or qualified entity may either approve and  
132 provide the assistance on the exact terms and conditions  
133 recommended by the small business assistance review board or  
134 determine not to provide such assistance. Under no circumstances  
135 may the planning and development district or qualified entity  
136 provide such assistance on any terms or conditions not approved  
137 and recommended by the small business assistance review board. If  
138 the planning and development district or qualified entity  
139 determines not to provide the assistance that the small business  
140 assistance review board has recommended to be provided, the board  
141 of directors of such district or the governing body of such entity  
142 shall place in its minutes an explanation of the reasons for such  
143 refusal. If the small business assistance review board recommends  
144 against providing the assistance, the board of directors of the  
145 planning and development district or the governing body of the  
146 qualified entity may not determine to provide such assistance  
147 under any terms and conditions.

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

