MISSISSIPPI LEGISLATURE  
REGULAR SESSION 2002

By: Senator(s) Simmons  
To: Finance

SENATE BILL NO. 2527

AN ACT TO BE ENTITLED THE ECONOMIC DEVELOPMENT ACT OF 2002 TO
CREATE THE CHILD DAY CARE LOAN GUARANTEE FUND FOR THE PURPOSE OF
ENCOURAGING LENDERS TO MAKE LOANS AVAILABLE FOR THE PURPOSE OF
FINANCING THE DEVELOPMENT AND EXPANSION OF CHILD DAY CARE CENTERS
IN TIER THREE AREAS OF THE STATE; TO PROVIDE THAT THE MISSISSIPPI
DEVELOPMENT AUTHORITY (MDA) SHALL ADMINISTER THE LOAN GUARANTEE
PROGRAM; TO PROVIDE THAT LOANS OR AN ENTITY DESIGNATED BY SUCH
DEPARTMENT THAT ARE ELIGIBLE FOR GUARANTEES MAY BE MADE ONLY FOR
CERTAIN PURPOSES; TO LIMIT THE AMOUNT OF THE LOAN GUARANTEES MADE
UNDER THIS ACT; TO PRESCRIBE CERTAIN CRITERIA THAT SHALL BE USED
IN THE DETERMINATION OF WHETHER TO GRANT CERTAIN LOAN GUARANTEES;
TO PRESCRIBE THE INFORMATION THAT AN APPLICANT FOR A LOAN
GUARANTEE MUST PROVIDE; TO ESTABLISH A GRANT PROGRAM FOR COMMUNITY
DEVELOPMENT CORPORATIONS; TO ESTABLISH A SPECIAL FUND IN THE STATE
TREASURY DESIGNATED AS THE "COMMUNITY DEVELOPMENT GRANT FUND" FROM
WHICH SUCH GRANTS SHALL BE MADE; TO PROVIDE THAT THE MDA SHALL
ADMINISTER THE GRANT PROGRAM ESTABLISHED PURSUANT TO THIS ACT; TO
PROVIDE THAT THE MDA SHALL ESTABLISH CRITERIA FOR AWARDING GRANTS
AND THE AMOUNT OF SUCH GRANTS; TO CREATE AN INCOME TAX CREDIT FOR
EACH NET NEW FULL-TIME JOB FOR CERTAIN BUSINESSES IN AREAS THAT
ARE DESIGNATED BY THE FEDERAL GOVERNMENT AS EMPOWERMENT ZONES OR
ENTERPRISE COMMUNITIES; TO AMEND SECTION 57-73-21, MISSISSIPPI
CODE OF 1972, TO PROVIDE THAT THE CRITERIA USED TO CLASSIFY AREAS
AS TIER ONE, TIER TWO AND TIER THREE FOR PURPOSES OF THE JOB TAX
CREDIT SHALL BE THE UNEMPLOYMENT RATES IN EACH COUNTY; TO INCREASE
THE AMOUNT OF THE JOB TAX CREDIT FOR CERTAIN BUSINESSES IN TIER
THREE AREAS FROM $2,000.00 TO $4,000.00 ANNUALLY FOR EACH NET NEW
FULL-TIME EMPLOYEE JOB CREATED ON OR AFTER JULY 1, 2002; TO AMEND
SECTION 57-1-303, MISSISSIPPI CODE OF 1972, TO REVISE THE INTEREST
RATE ON LOANS MADE UNDER THE LOCAL GOVERNMENTS CAPITAL
IMPROVEMENTS REVOLVING LOAN PROGRAM TO PROVIDE THAT THE INTEREST
RATE ON SUCH LOANS SHALL NOT EXCEED 1% LESS THAN THE FEDERAL
RESERVE DISCOUNT RATE; TO DECREASE THE PERIOD OF TIME WITHIN WHICH
LOANS MADE UNDER THE LOCAL GOVERNMENTS CAPITAL IMPROVEMENTS
REVOLVING LOAN PROGRAM MUST BE REPAID; TO AMEND SECTION 57-61-25,
MISSISSIPPI CODE OF 1972, TO INCREASE FROM $254,750,000.00 TO
$259,750,000.00 THE AGGREGATE AMOUNT OF BONDS THAT MAY BE ISSUED
UNDER THE MISSISSIPPI BUSINESS INVESTMENT ACT; TO AMEND SECTION
57-61-34, MISSISSIPPI CODE OF 1972, TO INCREASE FROM $5,000,000.00 TO
$8,000,000.00 THE AMOUNT OF BOND PROCEEDS THAT THE MISSISSIPPI
DEVELOPMENT AUTHORITY MAY MAKE AVAILABLE AS INTEREST-BEARING LOANS
TO AID IN THE ESTABLISHMENT OF BUSINESS INCUBATION CENTERS AND THE
CREATION OF NEW AND EXPANDING TECHNOLOGY-BASED BUSINESS AND
INDUSTRY; TO CREATE A NEW CODE SECTION TO BE CODIFIED AS SECTION
57-61-45, MISSISSIPPI CODE OF 1972, TO REQUIRE THAT NOT MORE THAN
$2,000,000.00 OF CERTAIN BOND PROCEEDS BE UTILIZED FOR A GRANT TO
PROVIDE FUNDS FOR THE COMMUNITY DEVELOPMENT GRANT FUND; AND FOR
RELATED PURPOSES.

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

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SECTION 1. This act may be cited as the "Economic Development Act of 2002."

SECTION 2. Sections 2 through 13 of this act may be cited as the "Child Day Care Loan Guarantee Act of 2002."

SECTION 3. The purpose of this act is to encourage lenders to make loans available to child day care providers for the purpose of financing the development and expansion of child day care centers in Tier Three areas of the state and to increase the quality and availability of child day care and employment opportunities in these areas.

SECTION 4. As used in this act:

(a) "MDA" means the Mississippi Development Authority.

(b) "Designated entity" means an entity designated to administer the Child Day Care Loan Guarantee Fund pursuant to Section 6 of this act.

(c) "Child day care provider" means a person providing or planning to provide child day care.

(d) "Tier Three areas" means those areas designated as Tier Three as provided for in Section 57-73-21, Mississippi Code of 1972.

(e) "Fund" means the Child Day Care Loan Guarantee Fund.

SECTION 5. There is created in the State Treasury a special fund to be known as the "Child Day Care Loan Guarantee Fund," into which shall be deposited such money as the Legislature may provide by appropriation and any other money received by the MDA for the purposes of this act from any other source. Money in the fund shall be used to guarantee loans made by lenders to qualifying child day care providers to finance the development or expansion of child day care centers in Tier Three areas. The fund shall be administered by the MDA or a designated entity and money in the fund shall be expended upon appropriation by the Legislature. Unexpended amounts remaining in the fund at the end
of the state fiscal year shall not lapse into the State General Fund, and any interest earned on amounts in the fund shall be deposited to the credit of the fund.

**SECTION 6.** The MDA shall:

(a) Administer the fund or designate an appropriate entity to administer the fund.

(b) Develop a loan approval process and such process shall be managed in accordance with the policies the MDA establishes.

(c) Monitor projects to ensure compliance with applicable state and federal laws, rules and relevant court decisions.

(d) Develop procedures for managing defaults and for enforcing the obligations of borrowers to repay loans.

**SECTION 7.** In making loan guarantees under this act, the MDA or the designated entity shall give priority to child day care providers that serve or intend to serve Tier Three areas that demonstrate the greatest need for child day care services. The MDA or the designated entity shall attempt to distribute the loan guarantees geographically among Tier Three areas.

**SECTION 8.** Loans that are eligible for guarantees under this act may be made only for the following reasons:

(a) The construction, purchase, lease or improvement of buildings or other facilities.

(b) The purchase or improvement of land.

(c) The purchase or lease of equipment, including vehicles.

(d) Start-up and operation costs.

(e) Initial operating expenses.

**SECTION 9.** Loan guarantees under this act shall be subject to the following restrictions:

(a) A loan guarantee shall not be granted in an amount greater than Seventy-five Thousand Dollars ($75,000.00).
(b) Not more than eighty percent (80%) of a loan shall be guaranteed.

(c) The aggregate amount of loan guarantees issued pursuant to this act shall not exceed five (5) times the amount deposited in the fund.

SECTION 10. In determining whether to grant a loan guarantee to a child day care provider who has a history of operating or owning a child day care center, the MDA or the designated entity shall use the following criteria:

(a) Quality of programming and staff.

(b) Ratio of children to staff.

(c) Quality of facilities.

(d) Degree of coordination with Head Start or other programs.

(e) Quality of administrative and financial management.

(f) History of compliance with child day care licensing or registration requirements.

(g) Ability to repay.

SECTION 11. The MDA shall formulate criteria to be utilized in determining whether to grant a loan guarantee to a child day care provider that does not have a history of operating or owning a child day care center.

SECTION 12. An applicant for a guarantee under this act shall supply the MDA or the designated entity with the following:

(a) A detailed description of the project.

(b) A disclosure of additional funds, if any, that are available to the applicant.

(c) Information that relates to the inability of the applicant to obtain adequate financing on reasonable terms through normal lending channels, such as a letter from a lender certifying that it would not grant credit without the loan guarantee.

(d) Credit references, if available, for the applicant.

(e) A five-year projected budget.
(f) A comprehensive business plan that includes the applicant's plans in the areas of:

(i) Debt reduction;
(ii) Marketing;
(iii) Staff training;
(iv) Facility improvement; and
(v) Program improvement.

(g) Such other information as the MDA may require.

SECTION 13. Upon default by a borrower, the lender, consistent with its current collections policies, shall exercise reasonable diligence in its collection efforts before the fund shall be liable for the default.

SECTION 14. Sections 14 and 15 of this act may be cited as the "Community Development Corporation Grant Act of 2002."

SECTION 15. (1) As used in this section:

(a) "Community development corporation" means a nonprofit corporation:

(i) Tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986;
(ii) Whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development;
(iii) Whose activities and decisions are initiated, managed and controlled by the constituents of those local communities; and
(iv) Whose primary function is to act as deal-maker and packager of opportunities to become owners, managers and producers of small businesses, affordable housing and jobs designed to produce positive cash flow and curb blight in the target community.

(b) "MDA" means the Mississippi Development Authority.

(c) "Fund" means the Community Development Grant Fund.
(2) There is created in the State Treasury a special fund to be known as the "Community Development Grant Fund" into which shall be deposited such money as the Legislature shall provide by appropriation and any money received by the MDA from any other source for the purpose of providing grants pursuant to this section. Money in the fund shall be used to provide grants to community development corporations. The fund shall be administered by the MDA, and money in the fund shall be expended upon appropriation by the Legislature. Unexpended amounts remaining in the fund and the end of the state fiscal year shall not lapse into the State General Fund, and any interest earned on amounts in the fund shall be deposited to the credit of the fund.

(3) The MDA shall award grants to community development corporations from the fund to support the operations and activities of community development corporations. All community development corporations shall be eligible for grants. The MDA shall establish and implement performance-based criteria for determining which community development corporations shall receive a grant and the amount of grants awarded.

SECTION 16. (1) As used in this section, "empowerment zones" or "enterprise communities" shall include those areas in Mississippi designated as such pursuant to 26 USCS 1391.

(2) Permanent business enterprises in areas designated as empowerment zones and enterprise communities are allowed a tax credit for taxes imposed by Section 27-7-5 annually for each net new full-time employee job created by such enterprise for five (5) years beginning with years two (2) through six (6) after the creation of the job in the following amounts:

(a) Five Hundred Dollars ($500.00) for employee jobs that are compensated at less than twenty-five percent (25%) more than the amount of the federal minimum wage;

(b) One Thousand Dollars ($1,000.00) for employee jobs that are compensated at twenty-five percent (25%) or more than the amount of the federal minimum wage;
amount of the federal minimum wage but less than fifty percent (50%) more than the amount of the federal minimum wage;

(c) One Thousand Five Hundred Dollars ($1,500.00) for employee jobs that are compensated at fifty percent (50%) or more than the amount of the federal minimum wage but less than seventy-five percent (75%) more than the amount of the federal minimum wage;

(d) Two Thousand Dollars ($2,000.00) for employee jobs that are compensated at seventy-five percent (75%) or more than the amount of the federal minimum wage but less than one hundred percent (100%) more than the amount of the federal minimum wage; and

(e) Two Thousand Five Hundred Dollars ($2,500.00) for employee jobs that are compensated at one hundred percent (100%) or more than the amount of the federal minimum wage.

(3) The number of new full-time jobs shall be determined by comparing the monthly average number of full-time employees of the permanent business enterprise subject to Mississippi income tax withholding for the taxable year with the corresponding period of the prior taxable year. Only those permanent business enterprises that increase employment by ten (10) or more in empowerment zones or enterprise communities are eligible for the credit. The credit shall not be allowed during any of the five (5) years if the net employment increase falls below ten (10). The Tax Commission shall adjust the credit allowed each year for the net new employment fluctuations above the minimum level of ten (10).

(4) Tax credits for five (5) years for the taxes imposed by Section 27-7-5 shall be awarded for additional net new full-time jobs created by business enterprises qualified under this section. The Tax Commission shall adjust the credit allowed in the event of employment fluctuations during the additional five (5) years of credit.
(5) The sale, merger, acquisition, reorganization, bankruptcy or relocation from one county to another county within the state of any business enterprise may not create new eligibility in any succeeding business entity, but any unused tax credit may be transferred and continued by any transferee of the business enterprise. The Tax Commission shall determine whether or not qualifying net increases or decreases have occurred or proper transfers of credit have been made, and may require reports, promulgate regulations and hold hearings as needed for substantiation and qualification.

(6) Any tax credit claimed under this section but not used in any taxable year may be carried forward for five (5) years from the close of the tax year in which the qualified jobs were established, but the credit established by this section taken in any one (1) tax year must be limited to an amount not greater than fifty percent (50%) of the taxpayer's state income tax liability which is attributable to income derived from operations in the state of that year.

(7) The credit allowed under this section shall not be used by any business enterprise or corporation other than the business enterprise actually qualifying for the credit.

(8) The tax credit provided for in this section shall be in addition to any tax credits provided for in Section 57-73-21.

(9) This section shall stand repealed from and after January 1, 2007.

SECTION 17. Section 57-73-21, Mississippi Code of 1972, is amended as follows:

57-73-21. (1) Annually by December 31, using the most current data available from the University Research Center, Mississippi State Employment Security Commission and the United States Department of Commerce, the State Tax Commission shall rank and designate the state's counties as provided in this section.
The twenty-eight (28) counties in this state having the highest unemployment rate for the most recent thirty-six-month period are designated Tier Three areas. The twenty-seven (27) counties in the state with the next highest unemployment rate for the most recent thirty-six-month period are designated Tier Two areas. The twenty-seven (27) counties in the state with the lowest unemployment rate for the most recent thirty-six-month period are designated Tier One areas. Counties designated by the Tax Commission qualify for the appropriate tax credit for jobs as provided in subsections (2), (3) and (4) of this section. The designation by the Tax Commission is effective for the tax years of permanent business enterprises which begin after the date of designation. For companies which plan an expansion in their labor forces, the Tax Commission shall prescribe certification procedures to ensure that the companies can claim credits in future years without regard to whether or not a particular county is removed from the list of Tier Three or Tier Two areas.

(2) Permanent business enterprises primarily engaged in manufacturing, processing, warehousing, distribution, wholesaling and research and development, or permanent business enterprises designated by rule and regulation of the Mississippi Development Authority as air transportation and maintenance facilities, final destination or resort hotels having a minimum of one hundred fifty (150) guest rooms, recreational facilities that impact tourism, movie industry studios, telecommunications enterprises, data or information processing enterprises or computer software development enterprises or any technology intensive facility or enterprise in counties designated by the Tax Commission as Tier Three areas are allowed a job tax credit for taxes imposed by Section 27-7-5 equal to Two Thousand Dollars ($2,000.00) annually for each net new full-time employee job for five (5) years beginning with years two (2) through six (6) after the creation of
the job; provided, however, that the job tax credit allowed under this subsection for each net new full-time employee job created on or after July 1, 2002, shall be Four Thousand Dollars ($4,000.00). The number of new full-time jobs must be determined by comparing the monthly average number of full-time employees subject to the Mississippi income tax withholding for the taxable year with the corresponding period of the prior taxable year. Only those permanent businesses that increase employment by ten (10) or more in a Tier Three area are eligible for the credit. Credit is not allowed during any of the five (5) years if the net employment increase falls below ten (10). The Tax Commission shall adjust the credit allowed each year for the net new employment fluctuations above the minimum level of ten (10).

(3) Permanent business enterprises primarily engaged in manufacturing, processing, warehousing, distribution, wholesaling and research and development, or permanent business enterprises designated by rule and regulation of the Mississippi Development Authority as air transportation and maintenance facilities, final destination or resort hotels having a minimum of one hundred fifty (150) guest rooms, recreational facilities that impact tourism, movie industry studios, telecommunications enterprises, data or information processing enterprises or computer software development enterprises or any technology intensive facility or enterprise in counties that have been designated by the Tax Commission as Tier Two areas are allowed a job tax credit for taxes imposed by Section 27-7-5 equal to One Thousand Dollars ($1,000.00) annually for each net new full-time employee job for five (5) years beginning with years two (2) through six (6) after the creation of the job. The number of new full-time jobs must be determined by comparing the monthly average number of full-time employees subject to Mississippi income tax withholding for the taxable year with the corresponding period of the prior taxable year. Only those permanent businesses that increase employment by
fifteen (15) or more in Tier Two areas are eligible for the
credit. The credit is not allowed during any of the five (5)
years if the net employment increase falls below fifteen (15).
The Tax Commission shall adjust the credit allowed each year for
the net new employment fluctuations above the minimum level of
fifteen (15).

(4) Permanent business enterprises primarily engaged in
manufacturing, processing, warehousing, distribution, wholesaling
and research and development, or permanent business enterprises
designated by rule and regulation of the Mississippi Development
Authority as air transportation and maintenance facilities, final
destination or resort hotels having a minimum of one hundred fifty
(150) guest rooms, recreational facilities that impact tourism,
movie industry studios, telecommunications enterprises, data or
information processing enterprises or computer software
development enterprises or any technology intensive facility or
temporary enterprise in counties designated by the Tax Commission as Tier
One areas are allowed a job tax credit for taxes imposed by
Section 27-7-5 equal to Five Hundred Dollars ($500.00) annually
for each net new full-time employee job for five (5) years
beginning with years two (2) through six (6) after the creation of
the job. The number of new full-time jobs must be determined by
comparing the monthly average number of full-time employees
subject to Mississippi income tax withholding for the taxable year
with the corresponding period of the prior taxable year. Only
those permanent businesses that increase employment by twenty (20)
or more in Tier One areas are eligible for the credit. The credit
is not allowed during any of the five (5) years if the net
employment increase falls below twenty (20). The Tax Commission
shall adjust the credit allowed each year for the net new
employment fluctuations above the minimum level of twenty (20).

(5) In addition to the credits authorized in subsections
(2), (3) and (4), an additional Five Hundred Dollars ($500.00)
credit for each net new full-time employee or an additional One Thousand Dollars ($1,000.00) credit for each net new full-time employee who is paid a salary, excluding benefits which are not subject to Mississippi income taxation, of at least one hundred twenty-five percent (125%) of the average annual wage of the state or an additional Two Thousand Dollars ($2,000.00) credit for each net new full-time employee who is paid a salary, excluding benefits which are not subject to Mississippi income taxation, of at least two hundred percent (200%) of the average annual wage of the state, shall be allowed for any company establishing or transferring its national or regional headquarters from within or outside the State of Mississippi. A minimum of thirty-five (35) jobs must be created to qualify for the additional credit. The State Tax Commission shall establish criteria and prescribe procedures to determine if a company qualifies as a national or regional headquarters for purposes of receiving the credit awarded in this subsection. As used in this subsection, the average annual wage of the state is the most recently published average annual wage as determined by the Mississippi Employment Security Commission.

(6) In addition to the credits authorized in subsections (2), (3), (4) and (5), any job requiring research and development skills (chemist, engineer, etc.) shall qualify for an additional One Thousand Dollars ($1,000.00) credit for each net new full-time employee.

(7) Tax credits for five (5) years for the taxes imposed by Section 27-7-5 shall be awarded for additional net new full-time jobs created by business enterprises qualified under subsections (2), (3), (4), (5) and (6) of this section. The Tax Commission shall adjust the credit allowed in the event of employment fluctuations during the additional five (5) years of credit.

(8) The sale, merger, acquisition, reorganization, bankruptcy or relocation from one county to another county within
the state of any business enterprise may not create new
eligibility in any succeeding business entity, but any unused job
tax credit may be transferred and continued by any transferee of
the business enterprise. The Tax Commission shall determine
whether or not qualifying net increases or decreases have occurred
or proper transfers of credit have been made and may require
reports, promulgate regulations, and hold hearings as needed for
substantiation and qualification.

(9) Any tax credit claimed under this section but not used
in any taxable year may be carried forward for five (5) years from
the close of the tax year in which the qualified jobs were
established but the credit established by this section taken in
any one (1) tax year must be limited to an amount not greater than
fifty percent (50%) of the taxpayer's state income tax liability
which is attributable to income derived from operations in the
state for that year.

(10) No business enterprise for the transportation,
handling, storage, processing or disposal of hazardous waste is
eligible to receive the tax credits provided in this section.

(11) The credits allowed under this section shall not be
used by any business enterprise or corporation other than the
business enterprise actually qualifying for the credits.

(12) The tax credits provided for in this section shall be
in addition to any tax credits described in Sections 57-51-13(b),
57-53-1(1)(a) and 57-54-9(b) and granted pursuant to official
action by the Department of Economic Development prior to July 1,
1989, to any business enterprise determined prior to July 1, 1989,
by the Department of Economic Development to be a qualified
business as defined in Section 57-51-5(f) or Section 57-54-5(d) or
a qualified company as described in Section 57-53-1, as the case
may be; however, from and after July 1, 1989, tax credits shall be
allowed only under either this section or Sections 57-51-13(b),
57-53-1(1)(a) and * * * on 57-54-9(b) for each net new full-time employee.

(13) As used in this section, the term "telecommunications enterprises" means entities engaged in the creation, display, management, storage, processing, transmission or distribution for compensation of images, text, voice, video or data by wire or by wireless means, or entities engaged in the construction, design, development, manufacture, maintenance or distribution for compensation of devices, products, software or structures used in the above activities. Companies organized to do business as commercial broadcast radio stations, television stations or news organizations primarily serving in-state markets shall not be included within the definition of the term "telecommunications enterprises."

SECTION 18. Section 57-1-303, Mississippi Code of 1972, is amended as follows:

57-1-303. (1) * * * There is created a special fund in the State Treasury to be designated as the "Local Governments Capital Improvements Revolving Loan Fund," which fund shall consist of such monies as provided in Sections 57-1-307 through 57-1-335. The fund shall be maintained in perpetuity for the purposes established in Sections 57-1-301 through 57-1-335. Unexpended amounts remaining in the fund at the end of a fiscal year shall not lapse into the State General Fund, and any interest earned on amounts in the fund shall be deposited to the credit of the fund. Monies in the fund may not be used or expended for any purpose except as authorized under Sections 57-1-301 through 57-1-335. * * *

(2) A county or an incorporated municipality may apply to the Mississippi Development Authority for a loan under the Local Governments Capital Improvements Revolving Loan Program established under Sections 57-1-301 through 57-1-335.
(3) * * * The Mississippi Development Authority shall establish a loan program by which loans, at a rate of interest not to exceed one percent (1%) less than the federal reserve discount rate, may be made available to counties and incorporated municipalities to assist counties and incorporated municipalities in making capital improvements. Loans from the revolving fund may be made to counties and municipalities as set forth in a loan agreement in amounts not to exceed one hundred percent (100%) of eligible project costs as established by the Mississippi Development Authority. The Mississippi Development Authority may require county or municipal participation or funding from other sources, or otherwise limit the percentage of costs covered by loans from the revolving fund. The Mississippi Development Authority may establish a maximum amount for any loan in order to provide for broad and equitable participation in the program.

* * *

(4) A county that receives a loan from the revolving fund shall pledge for repayment of the loan any part of the homestead exemption annual tax loss reimbursement to which it may be entitled under Section 27-33-77. An incorporated municipality that receives a loan from the revolving fund shall pledge for repayment of the loan any part of the sales tax revenue distribution to which it may be entitled under Section 27-65-75. Each loan agreement shall provide for (i) monthly payments, (ii) semiannual payments, or (iii) other periodic payments, the annual total of which shall not exceed the annual total for any other year of the loan by more than fifteen percent (15%). The loan agreement shall provide for the repayment of all funds received within not more than fifteen (15) years from the date of project completion.

(5) The State Auditor, upon request of the Mississippi Development Authority, shall audit the receipts and expenditures of a county or an incorporated municipality whose loan payments
appear to be in arrears, and if he finds that the county or
municipality is in arrears in such payments, he shall immediately
notify the Executive Director of the Department of Finance and
Administration who shall withhold all future payments to the
county of homestead exemption reimbursements under Section
27-33-77 and all sums allocated to the county or the municipality
under Section 27-65-75 until such time as the county or the
municipality is again current in its loan payments as certified by
the Mississippi Development Authority.

(6) Evidences of indebtedness which are issued pursuant to
this chapter shall not be deemed indebtedness within the meaning
specified in Section 21-33-303 with regard to cities or
incorporated towns, and in Section 19-9-5 with regard to counties.

SECTION 19. Section 57-61-25, Mississippi Code of 1972, is
amended as follows:

57-61-25. (1) The seller is authorized to borrow, on the
credit of the state upon receipt of a resolution from the
department requesting the same, money not exceeding the aggregate
sum of Two Hundred Fifty-nine Million Seven Hundred Fifty Thousand
Dollars ($259,750,000.00), not including money borrowed to refund
outstanding bonds, notes or replacement notes, as may be necessary
to carry out the purposes of this chapter. The aggregate amount
of bonds issued prior to June 30, 1987, shall not exceed Fifty
Million Dollars ($50,000,000.00); provided, however, this Fifty
Million Dollar ($50,000,000.00) limitation shall not be construed
to limit the aggregate amount of grants which may be awarded prior
to June 30, 1987, to less than the full amount authorized under
Section 57-61-15(1), Mississippi Code of 1972. The rate of
interest on any such bonds or notes which are not subject to
taxation shall not exceed the rates set forth in Section
75-17-101, Mississippi Code of 1972, for general obligation bonds.

(2) As evidence of indebtedness authorized in this chapter,
from time to time, to provide monies necessary to carry out the purposes of this chapter for such total amounts, in such form, in such denominations payable in such currencies (either domestic or foreign or both) and subject to such terms and conditions of issue, redemption and maturity, rate of interest and time of payment of interest as the seller directs, except that such bonds shall mature or otherwise be retired in annual installments beginning not more than five (5) years from date thereof and extending not more than thirty (30) years from date thereof.

(3) All bonds and notes issued under authority of this chapter shall be signed by the chairman of the seller, or by his facsimile signature, and the official seal of the seller shall be affixed thereto, attested by the secretary of the seller.

(4) All bonds and notes issued under authority of this chapter may be general or limited obligations of the state, and the full faith and credit of the State of Mississippi as to general obligation bonds, or the revenues derived from projects assisted as to limited obligation bonds, are hereby pledged for the payment of the principal of and interest on such bonds and notes.

(5) Such bonds and notes and the income therefrom shall be exempt from all taxation in the State of Mississippi.

(6) The bonds may be issued as coupon bonds or registered as to both principal and interest, as the seller may determine. If interest coupons are attached, they shall contain the facsimile signature of the chairman and secretary of the seller.

(7) The seller is authorized to provide, by resolution, for the issuance of refunding bonds for the purpose of refunding any debt issued under the provisions of this chapter and then outstanding, either by voluntary exchange with the holders of the outstanding debt or to provide funds to redeem and the costs of issuance and retirement of the debt, at maturity or at any call date. The issuance of the refunding bonds, the maturities and
other details thereof, the rights of the holders thereof and the
duties of the issuing officials in respect to the same shall be
governed by the provisions of this section, insofar as they may be
applicable.

(8) As to bonds issued hereunder and designated as taxable
bonds by the seller, any immunity of the state to taxation by the
United States government of interest on bonds or notes issued by
the state is hereby waived.

SECTION 20. Section 57-61-34, Mississippi Code of 1972, is
amended as follows:

57-61-34. Notwithstanding any provision of this chapter to
the contrary, the Mississippi Development Authority shall utilize
not more than Eight Million Dollars ($8,000,000.00) out of the
proceeds of bonds authorized to be issued in this chapter to be
made available as interest-bearing loans to municipalities or
private companies to aid in the establishment of business
incubation centers and the creation of new and expanding
technology-based business and industry.

In exercising the power given it under this section, the
department shall work in conjunction with the University Research
Center * * *.

The requirements of Section 57-61-9 shall not apply to any
loan made under this section. The Mississippi Development
Authority shall establish criteria and guidelines to govern loans
made pursuant to this section.

SECTION 21. The following provision shall be codified as
Section 57-61-45, Mississippi Code of 1972:

57-61-45. Notwithstanding any provision of this chapter to
the contrary, the Mississippi Development Authority shall utilize
not more than Two Million Dollars ($2,000,000.00) out of the
proceeds of bonds issued in this chapter to provide a grant to
provide funds for the Community Development Grant Fund established
in Section 15 of Senate Bill No. 2549, 2002 Regular Session.
The requirements of Section 57-61-9, Mississippi Code of 1972, shall not apply to the grant made under this section.

SECTION 22. This act shall take effect and be in force from and after July 1, 2002.