

By: Representatives McCoy, Morris, Smith
(39th)

To: Ways and Means

HOUSE BILL NO. 1493

1 AN ACT TO AMEND SECTION 69-2-13, MISSISSIPPI CODE OF 1972, TO
2 EXTEND THE PROGRAM THAT AUTHORIZES THE MISSISSIPPI DEVELOPMENT
3 AUTHORITY TO LOAN OR GRANT FUNDS FROM THE EMERGING CROPS FUND TO
4 CERTAIN ENTITIES FOR LOAN REVOLVING FUNDS TO ASSIST IN PROVIDING
5 FINANCING FOR MINORITY ECONOMIC DEVELOPMENT AND TO INCREASE THE
6 AMOUNT THAT MAY BE DRAWN FOR SUCH PURPOSE FROM THE EMERGING CROPS
7 FUND FROM \$23,000,000.00 TO \$25,000,000.00; TO EXTEND THE REPEALER
8 ON MONIES MADE AVAILABLE TO THE AGRIBUSINESS AND NATURAL RESOURCE
9 DEVELOPMENT CENTER AT ALCORN STATE UNIVERSITY FROM THE EMERGING
10 CROPS FUND; TO AMEND SECTION 69-2-19, MISSISSIPPI CODE OF 1972, TO
11 INCREASE THE AGGREGATE AMOUNT OF BONDS THAT MAY BE ISSUED 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) (a) The Mississippi Development Authority shall, in
60 addition to the other programs described in this section, provide
61 for a 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 under this paragraph (a) shall not exceed twenty percent (20%) of
70 the total cost of the project for which financing is sought or Two
71 Hundred Thousand Dollars (\$200,000.00), whichever is less. No
72 interest shall be charged on such loans, and only the amount
73 actually loaned shall be required to be repaid. Repayments shall
74 be deposited into the Emerging Crops Fund.

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

97 (4) (a) Through June 30, 2004, the Mississippi Development
98 Authority may loan or grant to qualified planning and development



99 districts, and to small business investment corporations,
100 bank-based community development corporations, the Recruitment and
101 Training Program, Inc., the City of Jackson Business Development
102 Loan Fund, the Lorman Southwest Mississippi Development
103 Corporation, the West Jackson Community Development Corporation,
104 the East Mississippi Development Corporation, and other entities
105 meeting the criteria established by the Mississippi Development
106 Authority (all referred to hereinafter as "qualified entities"),
107 funds for the purpose of establishing loan revolving funds to
108 assist in providing financing for minority economic development.
109 The monies loaned or granted by the Mississippi Development
110 Authority shall be drawn from the Emerging Crops Fund and shall
111 not exceed Twenty-five Million Dollars (\$25,000,000.00) in the
112 aggregate. Planning and development districts or qualified
113 entities which receive monies pursuant to this provision shall use
114 such monies to make loans to minority business enterprises
115 consistent with criteria established by the Mississippi
116 Development Authority. Such criteria shall include, at a minimum,
117 the following:

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

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

125 (iii) The borrower must have at least five percent
126 (5%) equity interest in the business enterprise.

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

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



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

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

145 (viii) The maximum amount that may be loaned to
146 any one (1) borrower shall be Two Hundred Fifty Thousand Dollars
147 (\$250,000.00).

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

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



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

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

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



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

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



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

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



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

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

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

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



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

299 (9) The Mississippi Development Authority shall make
300 available to the Agribusiness and Natural Resource Development
301 Center through Alcorn State University an amount not to exceed Two
302 Hundred Fifty Thousand Dollars (\$250,000.00) in fiscal year 2001
303 and Two Hundred Fifty Thousand Dollars (\$250,000.00) in fiscal
304 year 2002 from the cash balance of the Emerging Crops Fund to
305 support the development of a cooperative program for agribusiness
306 development, marketing and natural resources development. This
307 subsection (9) shall stand repealed on June 30, 2004.

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

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

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



328 69-2-19. The Mississippi Development Authority is
329 authorized, at one (1) time or from time to time, to declare by
330 resolution the necessity for issuance of negotiable general
331 obligation bonds of the State of Mississippi to provide funds for
332 the Emerging Crops Fund established in Section 69-2-13. Upon the
333 adoption of a resolution by the board, declaring the necessity for
334 the issuance of any part or all of the general obligation bonds
335 authorized by Sections 69-2-19 through 69-2-39, the authority
336 shall deliver a certified copy of its resolution or resolutions to
337 the State Bond Commission. Upon receipt of same, the State Bond
338 Commission, in its discretion, shall act as the issuing agent,
339 prescribe the form of the bonds, advertise for and accept bids,
340 issue and sell the bonds so authorized to be sold, and do any and
341 all other things necessary and advisable in connection with the
342 issuance and sale of such bonds. The amount of bonds issued under
343 Sections 69-2-19 through 69-2-39 shall not exceed One Hundred Four
344 Million Dollars (\$104,000,000.00) in the aggregate; however, an
345 additional amount of bonds may be issued under Sections 69-2-19
346 through 69-2-39 in an amount not to exceed Twenty-one Million
347 Dollars (\$21,000,000.00), and the proceeds of any such additional
348 bonds shall be used solely for the purposes described in Section
349 69-2-13(3)(b). No bonds may be issued under Sections 69-2-19
350 through 69-2-39 after October 1, 2019.

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

