

By: Representative Scott (80th)

To: Ways and Means

HOUSE BILL NO. 1586

1 AN ACT TO AMEND SECTION 57-10-511, MISSISSIPPI CODE OF 1972,
 2 TO INCREASE THE AMOUNT OF GRANT FUNDS THAT MAY BE MADE AVAILABLE
 3 TO PLANNING AND DEVELOPMENT DISTRICTS AND QUALIFIED ENTITIES FOR
 4 THE PURPOSE OF PROVIDING ASSISTANCE TO SMALL BUSINESSES UNDER THE
 5 MISSISSIPPI SMALL BUSINESS ASSISTANCE ACT; TO AMEND SECTION
 6 57-10-525, MISSISSIPPI CODE OF 1972, TO INCREASE THE AMOUNT OF
 7 BONDS THAT MAY BE ISSUED UNDER THE MISSISSIPPI SMALL BUSINESS
 8 ASSISTANCE ACT FROM \$32,000,000.00 TO \$44,000,000.00; AND FOR
 9 RELATED PURPOSES.

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

11 **SECTION 1.** Section 57-10-511, Mississippi Code of 1972, is
 12 amended as follows:

13 57-10-511. MDA shall grant funds under this article to a
 14 planning and development district or qualified entity in
 15 accordance with the following terms and conditions:

16 (a) Grant funds received by a planning and development
 17 district or qualified entity in accordance with this article shall
 18 be used by the planning and development district or qualified
 19 entity to establish a revolving assistance fund for the purpose of
 20 providing assistance to small businesses in accordance with this
 21 article. Except as otherwise allowed in this article, all
 22 principal and interest payments by small businesses in repayment
 23 of such assistance shall be eligible for and used by the planning
 24 and development district or qualified entity for additional
 25 assistance to small businesses in accordance with this article.

26 (b) Each planning and development district meeting the
 27 criteria set forth in this article shall receive an initial grant
 28 of not to exceed One Million Dollars (\$1,000,000.00) for the
 29 purpose of establishing the program within its area in accordance
 30 with this article. Each qualified entity meeting the criteria set



31 forth in this article shall be eligible to receive an initial
32 grant of Five Hundred Thousand Dollars (\$500,000.00) for the
33 purpose of establishing the program within the area it serves in
34 accordance with this article. The total amount of initial grants
35 to planning and development districts shall not exceed Ten Million
36 Dollars (\$10,000,000.00) and the total amount of initial grants
37 for qualified entities shall not exceed Two Million Dollars
38 (\$2,000,000.00). Each planning and development district or
39 qualified entity receiving an initial grant shall have twelve (12)
40 months in which to make binding commitments to provide assistance
41 to small businesses in the principal amount of the initial grant
42 in accordance with this article. Grant funds not committed to
43 provide assistance to small businesses at the end of twelve (12)
44 months after receipt thereof by the planning and development
45 district or qualified entity shall be returned to MDA for
46 placement in a pool to be redistributed by MDA to planning and
47 development districts or qualified entities which have binding
48 commitments to distribute as assistance all their initial grant
49 funds and have pending applications for additional assistance in
50 accordance with this article. Any planning and development
51 district or qualified entity returning any such grant funds to MDA
52 shall be required at the time such initial grant funds are
53 returned to deliver to the State Treasury, for deposit in the
54 General Fund, interest on the amount of such returned funds at the
55 same rate as any bonds or notes of the State of Mississippi issued
56 pursuant to this article to provide such grant funds.

57 (c) After all of the initial grant funds have been
58 provided as assistance to small businesses in accordance with this
59 article, MDA shall distribute additional grant funds to each
60 planning and development district or qualified entity qualified
61 under this article to receive and requesting such funds in
62 whatever amounts MDA deems appropriate and when needed by such
63 planning and development districts or qualified entities to



64 provide additional assistance to small businesses in accordance
65 with this article. The schedule for distributing such funds shall
66 be determined by MDA. Funds distributed to planning and
67 development districts and qualified entities pursuant to this
68 paragraph shall be in addition to funds distributed to planning
69 and development districts and qualified entities pursuant to
70 paragraph (b) of this section. The total amount of grants issued
71 pursuant to this paragraph shall not exceed Thirty-two Million
72 Dollars (\$32,000,000.00) for planning and development districts or
73 qualified entities. Grant funds not committed to provide
74 assistance to small businesses at the end of twelve (12) months
75 after receipt thereof by the planning and development district or
76 qualified entity shall be returned to MDA for placement in a pool
77 to be redistributed by MDA to planning and development districts
78 or qualified entities which have binding commitments to distribute
79 as assistance all their initial grant funds and have pending
80 applications for additional assistance in accordance with this
81 article. Any planning and development district or qualified
82 entity returning any such grant funds to MDA shall be required at
83 the time such grant funds are returned to deliver to the State
84 Treasury, for deposit in the General Fund, interest on the amount
85 of such returned funds at the same rate as any bonds or notes of
86 the State of Mississippi issued pursuant to this article to
87 provide such grant funds.

88 (d) A planning and development district or qualified
89 entity participating in the program may utilize not more than
90 fifty percent (50%) of interest earned on assistance provided to
91 small businesses in accordance with this article for
92 administration and management of the program, unless specifically
93 authorized to utilize more by MDA; provided, however, any interest
94 earned on grant funds held by a planning and development district
95 or qualified entity prior to the utilization of such grant funds
96 to provide assistance to small businesses shall be placed in the



97 revolving assistance fund of the planning and development district
98 or qualified entity and shall not be expended for administration
99 or management costs. Planning and development districts and
100 qualified entities may retain fifty percent (50%) of the interest
101 earned on repayment funds that are being held on deposit in
102 anticipation of relending to aid in the administration and
103 management of the program. Each planning and development district
104 and qualified entity shall file annually with the Secretary of the
105 Senate and the Clerk of the House of Representatives not later
106 than the first day of each regular legislative session a report
107 which details any interest retained or utilized by the planning
108 and development district or qualified entity pursuant to this
109 paragraph (d).

110 (e) If a planning and development district or qualified
111 entity participating in the program experiences losses from
112 assistance provided pursuant to the program in excess of sixty
113 percent (60%) of the amount of grant funds received by the
114 planning and development district or qualified entity, the
115 planning and development district or qualified entity shall repay
116 the State of Mississippi the amount of such losses in excess of
117 sixty percent (60%) by delivering that amount to the State
118 Treasury for deposit in the General Fund.

119 (f) MDA shall assist each planning and development
120 district or qualified entity participating in the program in
121 connection with such planning and development district's or
122 qualified entity's compliance with this article.

123 (g) Each planning and development district or qualified
124 entity participating in the program shall submit the following
125 reports to the House Ways and Means Committee, the Senate Economic
126 Development, Tourism and Parks Committee and MDA:

127 (i) An annual audit of grant funds received in
128 connection with the program; and



129 (ii) A semiannual report on July 30 and January 30
130 of each year, describing all assistance provided to small
131 businesses pursuant to the program, such reports to include
132 without limitation the following: a description of each small
133 business receiving assistance; the project to be assisted and
134 purpose of assistance; a description of each loan and equity
135 investment, including the terms and conditions thereof and use of
136 the funds assistance by the small business; history of the
137 assistance pool, including principal amount loaned, interest
138 earned, interest expended for administration and management,
139 principal amount of equity investments, assistance funds
140 available, and losses; and a statement of jobs created or retained
141 as a result of the assistance program.

142 (h) If MDA determines that a district or entity has
143 provided assistance to small businesses in a manner inconsistent
144 with the provisions of this article, then the amount of such
145 assistance so provided shall be withheld by MDA from any
146 additional grant funds to which the district or entity becomes
147 entitled under this article. If MDA determines, after notifying
148 such district or entity twice in writing and providing such
149 district or entity a reasonable opportunity to comply, that a
150 planning and development district or qualified entity has
151 consistently failed to comply with this article in connection with
152 the program, MDA may declare such planning and development
153 district or qualified entity in default under the program and,
154 upon receipt of notice thereof from MDA, such planning and
155 development district or qualified entity shall immediately cease
156 providing assistance under the program, shall refund to MDA for
157 distribution to other planning and development districts or
158 qualified entities all funds held in its revolving assistance fund
159 and, if required by MDA, shall convey to MDA all administrative
160 and management control of assistance provided by it under the
161 program.



162 (i) If MDA determines, after notifying a planning and
163 development district or qualified entity twice in writing and
164 providing copies of such notification to each member of the
165 Legislature in whose district or in a part of whose district such
166 planning and development district or qualified entity is located
167 and providing such district or entity a reasonable opportunity to
168 take corrective action, that a planning and development district
169 or a qualified entity administering a revolving assistance fund
170 under the provisions of this article is not actively engaged in
171 lending as defined by the rules and regulations of MDA, MDA may
172 declare such planning and development district or qualified entity
173 in default under the program and, upon receipt of notice thereof
174 from MDA, such planning and development district or qualified
175 entity shall immediately cease providing assistance under the
176 program, shall refund to MDA for distribution to other planning
177 and development districts or qualified entities all funds held in
178 its revolving assistance fund and, if required by MDA, shall
179 convey to MDA all administrative and management control of
180 assistance provided by it under the program.

181 (j) Notwithstanding any other provision of this article
182 to the contrary, if federal funds are not available for
183 commitments made by a planning and development district to provide
184 assistance under any federal loan program administered by the
185 planning and development district in coordination with the
186 Appalachian Regional Commission or Economic Development
187 Administration, or both, a planning and development district may
188 use funds in its revolving assistance fund, which have not been
189 committed otherwise to provide assistance, for the purpose of
190 providing temporary funding for such commitments. If a planning
191 and development district uses uncommitted funds in its revolving
192 assistance fund to provide such temporary funding, the district
193 shall use funds repaid to the district under the temporarily
194 funded federal loan program to replenish the funds used to provide



195 the temporary funding. Funds used by a planning and development
196 district to provide temporary funding under this paragraph (j)
197 must be repaid to the district's revolving assistance fund no
198 later than twelve (12) months after the date the district provides
199 the temporary funding. A planning and development district may
200 not use uncommitted funds in its revolving assistance fund to
201 provide temporary funding under this paragraph (j) on more than
202 two (2) occasions during a calendar year. A planning and
203 development district may provide temporary funding for multiple
204 commitments on each such occasion. The maximum aggregate amount
205 of uncommitted funds in a revolving assistance fund that may be
206 used for such purposes during a calendar year shall not exceed
207 seventy percent (70%) of the uncommitted funds in the revolving
208 assistance fund on the date the district first provides temporary
209 funding during the calendar year.

210 **SECTION 2.** Section 57-10-525, Mississippi Code of 1972, is
211 amended as follows:

212 57-10-525. (1) The seller is authorized to borrow, on the
213 credit of the state, money not exceeding the aggregate sum of
214 Forty-four Million Dollars (\$44,000,000.00), not including money
215 borrowed to refund outstanding bonds, notes or replacement notes,
216 as may be necessary to carry out the purposes of this article.
217 The rate of interest on any such bonds or notes which are not
218 subject to taxation shall not exceed the rates set forth in
219 Section 75-17-101, Mississippi Code of 1972, for general
220 obligation bonds.

221 (2) As evidence of indebtedness authorized in this article,
222 general or limited obligation bonds of the state shall be issued
223 from time to time to provide monies necessary to carry out the
224 purposes of this article for such total amount, in such form, in
225 such denominations, payable in such currencies (either domestic or
226 foreign or both), and subject to such terms and conditions of
227 issue, redemption and maturity, rate of interest and time of



228 payment of interest as the seller directs, except that such bonds
229 shall mature or otherwise be retired in annual installments
230 beginning not more than five (5) years from the date thereof and
231 extending not more than twenty (20) years from the date thereof.

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

236 (4) All bonds and notes issued under authority of this
237 article may be general or limited obligations of the state, and
238 the full faith and credit of the State of Mississippi as to
239 general obligation bonds, or the revenue derived from projects
240 assisted as to limited obligation bonds, are hereby pledged for
241 the payment of the principal of and interest on such bonds and
242 notes.

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

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

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

253 **SECTION 3.** This act shall take effect and be in force from
254 and after July 1, 2003.

