

By: Senator(s) Horhn

To: Finance

SENATE BILL NO. 2982

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 UNDER
4 THE MISSISSIPPI SMALL BUSINESS ASSISTANCE ACT; TO AMEND SECTION
5 57-10-525, MISSISSIPPI CODE OF 1972, TO AUTHORIZE THE ISSUANCE OF
6 ADDITIONAL BONDS IN THE AMOUNT OF \$12,000,000.00 TO PROVIDE FUNDS
7 FOR SUCH GRANTS; AND FOR RELATED PURPOSES.

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

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

11 57-10-511. MDA shall grant funds under this article to a
12 planning and development district or qualified entity in
13 accordance with the following terms and conditions:

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

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



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

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



63 with this article. The schedule for distributing such funds shall
64 be determined by MDA. Funds distributed to planning and
65 development districts and qualified entities pursuant to this
66 paragraph shall be in addition to funds distributed to planning
67 and development districts and qualified entities pursuant to
68 paragraph (b) of this section. The total amount of grants issued
69 pursuant to this paragraph shall not exceed Twenty Million Dollars
70 (\$20,000,000.00) for planning and development districts or
71 qualified entities. Grant funds not committed to provide
72 assistance to small businesses at the end of twelve (12) months
73 after receipt thereof by the planning and development district or
74 qualified entity shall be returned to MDA for placement in a pool
75 to be redistributed by MDA to planning and development districts
76 or qualified entities which have binding commitments to distribute
77 as assistance all their initial grant funds and have pending
78 applications for additional assistance in accordance with this
79 article. Any planning and development district or qualified
80 entity returning any such grant funds to MDA shall be required at
81 the time such grant funds are returned to deliver to the State
82 Treasury, for deposit in the General Fund, interest on the amount
83 of such returned funds at the same rate as any bonds or notes of
84 the State of Mississippi issued pursuant to this article to
85 provide such grant funds.

86 (d) MDA shall distribute additional grant funds to each
87 planning and development district or qualified entity qualified
88 under this article to receive and requesting such funds in
89 whatever amounts MDA deems appropriate and when needed by such
90 planning and development districts or qualified entities to
91 provide additional assistance to small businesses in accordance
92 with this article. The schedule for distributing such funds shall
93 be determined by MDA. Funds distributed to planning and
94 development districts and qualified entities pursuant to this
95 paragraph shall be in addition to funds distributed to planning



96 and development districts and qualified entities pursuant to
97 paragraphs (b) and (c) of this section. The total amount of
98 grants issued pursuant to this paragraph shall not exceed Ten
99 Million Dollars (\$10,000,000.00) for planning and development
100 districts and Two Million Dollars (\$2,000,000.00) for qualified
101 entities. Grant funds not committed to provide assistance to
102 small businesses at the end of twelve (12) months after receipt
103 thereof by the planning and development district or qualified
104 entity shall be returned to MDA for placement in a pool to be
105 redistributed by MDA to planning and development districts or
106 qualified entities which have binding commitments to distribute as
107 assistance all their grant funds and have pending applications for
108 additional assistance in accordance with this article. Any
109 planning and development district or qualified entity returning
110 any such grant funds to MDA shall be required at the time such
111 grant funds are returned to deliver to the State Treasury, for
112 deposit in the General Fund, interest on the amount of such
113 returned funds at the same rate as any bonds or notes of the State
114 of Mississippi issued pursuant to this article to provide such
115 grant funds.

116 (e) A planning and development district or qualified
117 entity participating in the program may utilize not more than
118 fifty percent (50%) of interest earned on assistance provided to
119 small businesses in accordance with this article for
120 administration and management of the program, unless specifically
121 authorized to utilize more by MDA; provided, however, any interest
122 earned on grant funds held by a planning and development district
123 or qualified entity prior to the utilization of such grant funds
124 to provide assistance to small businesses shall be placed in the
125 revolving assistance fund of the planning and development district
126 or qualified entity and shall not be expended for administration
127 or management costs. Planning and development districts and
128 qualified entities may retain fifty percent (50%) of the interest



129 earned on repayment funds that are being held on deposit in
130 anticipation of relending to aid in the administration and
131 management of the program. Each planning and development district
132 and qualified entity shall file annually with the Secretary of the
133 Senate and the Clerk of the House of Representatives not later
134 than the first day of each regular legislative session a report
135 which details any interest retained or utilized by the planning
136 and development district or qualified entity pursuant to this
137 paragraph (e).

138 (f) If a planning and development district or qualified
139 entity participating in the program experiences losses from
140 assistance provided pursuant to the program in excess of sixty
141 percent (60%) of the amount of grant funds received by the
142 planning and development district or qualified entity, the
143 planning and development district or qualified entity shall repay
144 the State of Mississippi the amount of such losses in excess of
145 sixty percent (60%) by delivering that amount to the State
146 Treasury for deposit in the General Fund.

147 (g) MDA shall assist each planning and development
148 district or qualified entity participating in the program in
149 connection with such planning and development district's or
150 qualified entity's compliance with this article.

151 (h) Each planning and development district or qualified
152 entity participating in the program shall submit the following
153 reports to the House Ways and Means Committee, the Senate Economic
154 Development, Tourism and Parks Committee and MDA:

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

157 (ii) A semiannual report on July 30 and January 30
158 of each year, describing all assistance provided to small
159 businesses pursuant to the program, such reports to include
160 without limitation the following: a description of each small
161 business receiving assistance; the project to be assisted and



162 purpose of assistance; a description of each loan and equity
163 investment, including the terms and conditions thereof and use of
164 the funds assistance by the small business; history of the
165 assistance pool, including principal amount loaned, interest
166 earned, interest expended for administration and management,
167 principal amount of equity investments, assistance funds available
168 and losses; and a statement of jobs created or retained as a
169 result of the assistance program.

170 (i) If MDA determines that a district or entity has
171 provided assistance to small businesses in a manner inconsistent
172 with the provisions of this article, then the amount of such
173 assistance so provided shall be withheld by MDA from any
174 additional grant funds to which the district or entity becomes
175 entitled under this article. If MDA determines, after notifying
176 such district or entity twice in writing and providing such
177 district or entity a reasonable opportunity to comply, that a
178 planning and development district or qualified entity has
179 consistently failed to comply with this article in connection with
180 the program, MDA may declare such planning and development
181 district or qualified entity in default under the program and,
182 upon receipt of notice thereof from MDA, such planning and
183 development district or qualified entity shall immediately cease
184 providing assistance under the program, shall refund to MDA for
185 distribution to other planning and development districts or
186 qualified entities all funds held in its revolving assistance fund
187 and, if required by MDA, shall convey to MDA all administrative
188 and management control of assistance provided by it under the
189 program.

190 (j) If MDA determines, after notifying a planning and
191 development district or qualified entity twice in writing and
192 providing copies of such notification to each member of the
193 Legislature in whose district or in a part of whose district such
194 planning and development district or qualified entity is located



195 and providing such district or entity a reasonable opportunity to
196 take corrective action, that a planning and development district
197 or a qualified entity administering a revolving assistance fund
198 under the provisions of this article is not actively engaged in
199 lending as defined by the rules and regulations of MDA, MDA may
200 declare such planning and development district or qualified entity
201 in default under the program and, upon receipt of notice thereof
202 from MDA, such planning and development district or qualified
203 entity shall immediately cease providing assistance under the
204 program, shall refund to MDA for distribution to other planning
205 and development districts or qualified entities all funds held in
206 its revolving assistance fund and, if required by MDA, shall
207 convey to MDA all administrative and management control of
208 assistance provided by it under the program.

209 (k) Notwithstanding any other provision of this article
210 to the contrary, if federal funds are not available for
211 commitments made by a planning and development district to provide
212 assistance under any federal loan program administered by the
213 planning and development district in coordination with the
214 Appalachian Regional Commission or Economic Development
215 Administration, or both, a planning and development district may
216 use funds in its revolving assistance fund, which have not been
217 committed otherwise to provide assistance, for the purpose of
218 providing temporary funding for such commitments. If a planning
219 and development district uses uncommitted funds in its revolving
220 assistance fund to provide such temporary funding, the district
221 shall use funds repaid to the district under the temporarily
222 funded federal loan program to replenish the funds used to provide
223 the temporary funding. Funds used by a planning and development
224 district to provide temporary funding under this paragraph (k)
225 must be repaid to the district's revolving assistance fund no
226 later than twelve (12) months after the date the district provides
227 the temporary funding. A planning and development district may



228 not use uncommitted funds in its revolving assistance fund to
229 provide temporary funding under this paragraph (k) on more than
230 two (2) occasions during a calendar year. A planning and
231 development district may provide temporary funding for multiple
232 commitments on each such occasion. The maximum aggregate amount
233 of uncommitted funds in a revolving assistance fund that may be
234 used for such purposes during a calendar year shall not exceed
235 seventy percent (70%) of the uncommitted funds in the revolving
236 assistance fund on the date the district first provides temporary
237 funding during the calendar year.

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

240 57-10-525. (1) The seller is authorized to borrow, on the
241 credit of the state, money not exceeding the aggregate sum of
242 Forty-four Million Dollars (\$44,000,000.00), not including money
243 borrowed to refund outstanding bonds, notes or replacement notes,
244 as may be necessary to carry out the purposes of this article.
245 The rate of interest on any such bonds or notes which are not
246 subject to taxation shall not exceed the rates set forth in
247 Section 75-17-101, Mississippi Code of 1972, for general
248 obligation bonds.

249 (2) As evidence of indebtedness authorized in this article,
250 general or limited obligation bonds of the state shall be issued
251 from time to time to provide monies necessary to carry out the
252 purposes of this article for such total amount, in such form, in
253 such denominations, payable in such currencies (either domestic or
254 foreign or both), and subject to such terms and conditions of
255 issue, redemption and maturity, rate of interest and time of
256 payment of interest as the seller directs, except that such bonds
257 shall mature or otherwise be retired in annual installments
258 beginning not more than five (5) years from the date thereof and
259 extending not more than twenty (20) years from the date thereof.



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

264 (4) All bonds and notes issued under authority of this
265 article may be general or limited obligations of the state, and
266 the full faith and credit of the State of Mississippi as to
267 general obligation bonds, or the revenue derived from projects
268 assisted as to limited obligation bonds, are hereby pledged for
269 the payment of the principal of and interest on such bonds and
270 notes.

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

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

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

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

