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To: Ways and Means

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1640

1 AN ACT TO CREATE THE MISSISSIPPI SMALL BUSINESS OPPORTUNITIES
2 PROGRAM TO BE ADMINISTERED BY THE MISSISSIPPI DEVELOPMENT
3 AUTHORITY FOR THE PURPOSE OF PROVIDING LOANS AND GRANTS TO
4 COUNTIES AND MUNICIPALITIES AND LOANS TO SMALL BUSINESS
5 ENTERPRISES AND OTHER ENTITIES TO ASSIST IN CREATING AND IMPROVING
6 OPPORTUNITIES FOR SMALL BUSINESS ENTERPRISES IN AREAS OF THE STATE
7 WITH POORLY RATED SCHOOL DISTRICTS, HIGH UNEMPLOYMENT RATES, HIGH
8 POVERTY RATES, HIGH CRIME RATES, LOW RATES OF HOME OWNERSHIP,
9 AND/OR LOW RATES OF NEW HOUSING DEVELOPMENT; TO CREATE THE
10 MISSISSIPPI SMALL BUSINESS OPPORTUNITIES FUND TO BE ADMINISTERED
11 BY THE MISSISSIPPI DEVELOPMENT AUTHORITY; TO AUTHORIZE THE
12 ISSUANCE OF \$25,000,000.00 IN STATE GENERAL OBLIGATION BONDS TO
13 PROVIDE FUNDS FOR THE MISSISSIPPI SMALL BUSINESS OPPORTUNITIES
14 FUND; AND FOR RELATED PURPOSES.

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

16 **SECTION 1.** (1) (a) There is established the Mississippi
17 Small Business Opportunities Program to be administered by the
18 Mississippi Development Authority ("MDA") for the purpose of
19 providing loans and grants to counties and municipalities and
20 loans to small business enterprises and other entities to assist
21 in creating and improving opportunities for small business
22 enterprises in areas of the state with poorly rated school
23 districts, high unemployment rates, high poverty rates, high crime
24 rates, low rates of home ownership, and/or low rates of new
25 housing development. The MDA shall establish criteria for
26 determining the areas of the state where assistance may be
27 provided under this section. For the purposes of this section,
28 "small business enterprise" means a commercial enterprise with
29 less than fifty (50) full-time employees or less than One Million
30 Dollars (\$1,000,000.00) in net worth.

31 (b) An entity desiring assistance under this section
32 must submit an application to the MDA. The application must
33 include a description of the purpose for which assistance is

34 requested, the amount of assistance requested and any other
35 information required the MDA.

36 (c) The MDA shall have all powers necessary to
37 implement and administer the program established under this
38 section, and the MDA shall promulgate rules and regulations, in
39 accordance with the Mississippi Administrative Procedures Law,
40 necessary for the implementation of this section.

41 (2) There is created in the State Treasury a special fund to
42 be designated as the "Mississippi Small Business Opportunities
43 Fund," which shall consist of funds appropriated or otherwise made
44 available by the Legislature in any manner and funds from any
45 other source designated for deposit into such fund. Unexpended
46 amounts remaining in the fund at the end of a fiscal year shall
47 not lapse into the State General Fund, and any investment earnings
48 or interest earned on amounts in the fund shall be deposited to
49 the credit of the fund. Monies in the fund shall be used by the
50 MDA for the purposes described in this section.

51 **SECTION 2.** As used in Sections 2 through 17 of this act, the
52 following words shall have the meanings ascribed herein unless the
53 context clearly requires otherwise:

54 (a) "Accreted value" of any bonds means, as of any date
55 of computation, an amount equal to the sum of (i) the stated
56 initial value of such bond, plus (ii) the interest accrued thereon
57 from the issue date to the date of computation at the rate,
58 compounded semiannually, that is necessary to produce the
59 approximate yield to maturity shown for bonds of the same
60 maturity.

61 (b) "State" means the State of Mississippi.

62 (c) "Commission" means the State Bond Commission.

63 **SECTION 3.** (1) The Mississippi Development Authority, at
64 one time, or from time to time, may declare by resolution the
65 necessity for issuance of general obligation bonds of the State of
66 Mississippi to provide funds for the program authorized in Section

67 1 of this act. Upon the adoption of a resolution by the
68 Mississippi Development Authority, declaring the necessity for the
69 issuance of any part or all of the general obligation bonds
70 authorized by this section, the Mississippi Development Authority
71 shall deliver a certified copy of its resolution or resolutions to
72 the commission. Upon receipt of such resolution, the commission,
73 in its discretion, may act as the issuing agent, prescribe the
74 form of the bonds, advertise for and accept bids, issue and sell
75 the bonds so authorized to be sold and do any and all other things
76 necessary and advisable in connection with the issuance and sale
77 of such bonds. The total amount of bonds issued under Sections 2
78 through 17 of this act shall not exceed Twenty-five Million
79 Dollars (\$25,000,000.00). No bonds shall be issued under Sections
80 2 through 17 of this act after July 1, 2007.

81 (2) The proceeds of bonds issued pursuant to Sections 2
82 through 17 of this act shall be deposited into the Mississippi
83 Small Business Opportunities Fund created pursuant to Section 1 of
84 this act. Any investment earnings on bonds issued pursuant to
85 Sections 2 through 17 of this act shall be used to pay debt
86 service on bonds issued under Sections 2 through 17 of this act,
87 in accordance with the proceedings authorizing issuance of such
88 bonds.

89 **SECTION 4.** The principal of and interest on the bonds
90 authorized under Sections 2 through 17 of this act shall be
91 payable in the manner provided in this section. Such bonds shall
92 bear such date or dates, be in such denomination or denominations,
93 bear interest at such rate or rates (not to exceed the limits set
94 forth in Section 75-17-101, Mississippi Code of 1972), be payable
95 at such place or places within or without the State of
96 Mississippi, shall mature absolutely at such time or times not to
97 exceed twenty-five (25) years from date of issue, be redeemable
98 before maturity at such time or times and upon such terms, with or
99 without premium, shall bear such registration privileges, and

100 shall be substantially in such form, all as shall be determined by
101 resolution of the commission.

102 **SECTION 5.** The bonds authorized by Sections 2 through 17 of
103 this act shall be signed by the chairman of the commission, or by
104 his facsimile signature, and the official seal of the commission
105 shall be affixed thereto, attested by the secretary of the
106 commission. The interest coupons, if any, to be attached to such
107 bonds may be executed by the facsimile signatures of such
108 officers. Whenever any such bonds shall have been signed by the
109 officials designated to sign the bonds who were in office at the
110 time of such signing but who may have ceased to be such officers
111 before the sale and delivery of such bonds, or who may not have
112 been in office on the date such bonds may bear, the signatures of
113 such officers upon such bonds and coupons shall nevertheless be
114 valid and sufficient for all purposes and have the same effect as
115 if the person so officially signing such bonds had remained in
116 office until their delivery to the purchaser, or had been in
117 office on the date such bonds may bear. However, notwithstanding
118 anything herein to the contrary, such bonds may be issued as
119 provided in the Registered Bond Act of the State of Mississippi.

120 **SECTION 6.** All bonds and interest coupons issued under the
121 provisions of Sections 2 through 17 of this act have all the
122 qualities and incidents of negotiable instruments under the
123 provisions of the Uniform Commercial Code, and in exercising the
124 powers granted by Sections 2 through 17 of this act, the
125 commission shall not be required to and need not comply with the
126 provisions of the Uniform Commercial Code.

127 **SECTION 7.** The commission shall act as the issuing agent for
128 the bonds authorized under Sections 2 through 17 of this act,
129 prescribe the form of the bonds, advertise for and accept bids,
130 issue and sell the bonds so authorized to be sold, pay all fees
131 and costs incurred in such issuance and sale, and do any and all
132 other things necessary and advisable in connection with the

133 issuance and sale of such bonds. The commission is authorized and
134 empowered to pay the costs that are incident to the sale, issuance
135 and delivery of the bonds authorized under Sections 2 through 17
136 of this act from the proceeds derived from the sale of such bonds.
137 The commission shall sell such bonds on sealed bids at public
138 sale, and for such price as it may determine to be for the best
139 interest of the State of Mississippi, but no such sale shall be
140 made at a price less than par plus accrued interest to the date of
141 delivery of the bonds to the purchaser. All interest accruing on
142 such bonds so issued shall be payable semiannually or annually;
143 however, the first interest payment may be for any period of not
144 more than one (1) year.

145 Notice of the sale of any such bonds shall be published at
146 least one time, not less than ten (10) days before the date of
147 sale, and shall be so published in one or more newspapers
148 published or having a general circulation in the City of Jackson,
149 Mississippi, and in one or more other newspapers or financial
150 journals with a national circulation, to be selected by the
151 commission.

152 The commission, when issuing any bonds under the authority of
153 Sections 2 through 17 of this act, may provide that bonds, at the
154 option of the State of Mississippi, may be called in for payment
155 and redemption at the call price named therein and accrued
156 interest on such date or dates named therein.

157 **SECTION 8.** The bonds issued under the provisions of Sections
158 2 through 17 of this act are general obligations of the State of
159 Mississippi, and for the payment thereof the full faith and credit
160 of the State of Mississippi is irrevocably pledged. If the funds
161 appropriated by the Legislature are insufficient to pay the
162 principal of and the interest on such bonds as they become due,
163 then the deficiency shall be paid by the State Treasurer from any
164 funds in the State Treasury not otherwise appropriated. All such

165 bonds shall contain recitals on their faces substantially covering
166 the provisions of this section.

167 **SECTION 9.** Upon the issuance and sale of bonds under the
168 provisions of Sections 2 through 17 of this act, the commission
169 shall transfer the proceeds of any such sale or sales to the
170 Mississippi Small Business Opportunities Fund created in Section 1
171 of this act. The proceeds of such bonds shall be disbursed solely
172 upon the order of the Mississippi Development Authority under such
173 restrictions, if any, as may be contained in the resolution
174 providing for the issuance of the bonds.

175 **SECTION 10.** The bonds authorized under Sections 2 through 17
176 of this act may be issued without any other proceedings or the
177 happening of any other conditions or things other than those
178 proceedings, conditions and things which are specified or required
179 by Sections 2 through 17 of this act. Any resolution providing
180 for the issuance of bonds under the provisions of Sections 2
181 through 17 of this act shall become effective immediately upon its
182 adoption by the commission, and any such resolution may be adopted
183 at any regular or special meeting of the commission by a majority
184 of its members.

185 **SECTION 11.** The bonds authorized under the authority of
186 Sections 2 through 17 of this act may be validated in the Chancery
187 Court of the First Judicial District of Hinds County, Mississippi,
188 in the manner and with the force and effect provided by Chapter
189 13, Title 31, Mississippi Code of 1972, for the validation of
190 county, municipal, school district and other bonds. The notice to
191 taxpayers required by such statutes shall be published in a
192 newspaper published or having a general circulation in the City of
193 Jackson, Mississippi.

194 **SECTION 12.** Any holder of bonds issued under the provisions
195 of Sections 2 through 17 of this act or of any of the interest
196 coupons pertaining thereto may, either at law or in equity, by
197 suit, action, mandamus or other proceeding, protect and enforce

198 any and all rights granted under Sections 2 through 17 of this
199 act, or under such resolution, and may enforce and compel
200 performance of all duties required by Sections 2 through 17 of
201 this act to be performed, in order to provide for the payment of
202 bonds and interest thereon.

203 **SECTION 13.** All bonds issued under the provisions of
204 Sections 2 through 17 of this act shall be legal investments for
205 trustees and other fiduciaries, and for savings banks, trust
206 companies and insurance companies organized under the laws of the
207 State of Mississippi, and such bonds shall be legal securities
208 which may be deposited with and shall be received by all public
209 officers and bodies of this state and all municipalities and
210 political subdivisions for the purpose of securing the deposit of
211 public funds.

212 **SECTION 14.** Bonds issued under the provisions of Sections 2
213 through 17 of this act and income therefrom shall be exempt from
214 all taxation in the State of Mississippi.

215 **SECTION 15.** The proceeds of the bonds issued under Sections
216 2 through 17 of this act shall be used solely for the purposes
217 therein provided, including the costs incident to the issuance and
218 sale of such bonds.

219 **SECTION 16.** The State Treasurer is authorized, without
220 further process of law, to certify to the Department of Finance
221 and Administration the necessity for warrants, and the Department
222 of Finance and Administration is authorized and directed to issue
223 such warrants, in such amounts as may be necessary to pay when due
224 the principal of, premium, if any, and interest on, or the
225 accreted value of, all bonds issued under Sections 2 through 17 of
226 this act; and the State Treasurer shall forward the necessary
227 amount to the designated place or places of payment of such bonds
228 in ample time to discharge such bonds, or the interest thereon, on
229 the due dates thereof.

230 **SECTION 17.** Sections 2 through 17 of this act shall be
231 deemed to be full and complete authority for the exercise of the
232 powers therein granted, but Sections 2 through 17 of this act
233 shall not be deemed to repeal or to be in derogation of any
234 existing law of this state.

235 **SECTION 18.** This act shall take effect and be in force from
236 and after July 1, 2004.