

By: Representatives Brown, Watson

To: Ways and Means

HOUSE BILL NO. 10

1 AN ACT TO ESTABLISH THE MISSISSIPPI DISASTER SMALL BUSINESS  
 2 BRIDGE LOAN ACT TO PROVIDE SHORT-TERM LOANS FOR SMALL BUSINESSES  
 3 THAT SUFFER PHYSICAL DAMAGE AS A RESULT OF A DISASTER FOR WHICH  
 4 THE GOVERNOR HAS ISSUED A DISASTER DECLARATION TO ASSIST SMALL  
 5 BUSINESSES IN RETURNING TO BUSINESS AS SOON AS POSSIBLE; TO  
 6 PROVIDE THAT THE MISSISSIPPI DEVELOPMENT AUTHORITY SHALL  
 7 ADMINISTER THE LOAN PROGRAM AND SHALL HAVE THE AUTHORITY TO  
 8 ESTABLISH THE DISASTER LOAN PROGRAM WITH FEDERALLY INSURED  
 9 FINANCIAL INSTITUTIONS; TO PROVIDE THE MINIMUM AND MAXIMUM AMOUNT  
 10 OF LOANS AUTHORIZED UNDER THIS ACT; TO PROVIDE THE TERM OF SUCH  
 11 LOANS; TO ESTABLISH CERTAIN ELIGIBILITY REQUIREMENTS FOR THE  
 12 RECEIPT OF SUCH LOANS; TO PROVIDE THAT UPON THE ISSUANCE OF A  
 13 DISASTER DECLARATION BY THE GOVERNOR AND A DETERMINATION OF NEED  
 14 BY THE MISSISSIPPI DEVELOPMENT AUTHORITY, THE STATE BOND  
 15 COMMISSION IS AUTHORIZED TO OBTAIN A LINE OF CREDIT IN AN AMOUNT  
 16 NOT TO EXCEED \$25,000,000.00 FOR ANY ONE DISASTER, FROM A  
 17 COMMERCIAL LENDER, INVESTMENT BANKING GROUP OR A CONSORTIUM OF  
 18 EITHER OR BOTH, FOR THE PURPOSE OF FUNDING THE LOAN PROGRAM; AND  
 19 FOR RELATED PURPOSES.

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

21 **SECTION 1.** This act shall be known and may be cited as the  
 22 "Mississippi Disaster Small Business Bridge Loan Act."

23 **SECTION 2.** (1) It is the intent of the Legislature, and  
 24 declared to be the policy of the State of Mississippi, that  
 25 short-term loan funds should be made available quickly to assist  
 26 small businesses physically harmed by any disaster for which a  
 27 disaster declaration has been issued by the Governor.

28 (2) The loan program established by this act is intended to  
 29 provide short-term financial assistance to small businesses until  
 30 the owners of the business are able to obtain other financing or  
 31 obtain insurance proceeds.

32 **SECTION 3.** (1) The Mississippi Development Authority  
 33 (hereinafter referred to as the "authority") is authorized and  
 34 empowered to utilize any funds acquired pursuant to Section 5 of  
 35 this act and any funds otherwise provided for the purposes

36 expressed in this act from any source, to establish a disaster  
37 loan program with federally insured financial institutions to  
38 provide short-term bridge loans to small business owners in this  
39 state for the purpose of assisting such small businesses in  
40 returning to business as quickly as possible.

41 (2) The amount of any loan granted under this act shall be  
42 not less than One Thousand Dollars (\$1,000.00) nor more than  
43 Twenty-five Thousand Dollars (\$25,000.00). The term of any loan  
44 made under this section shall be ninety (90) days or one hundred  
45 eighty (180) days as determined by the authority based upon the  
46 circumstances of the business applying for the loan. The proceeds  
47 of the loans authorized under this act shall be used only for the  
48 purpose of maintaining or restarting the business in the area for  
49 which a disaster declaration by the Governor has been issued.

50 (3) To be eligible for the loans authorized under this act,  
51 small businesses shall:

52 (a) Be located in the area for which a disaster  
53 declaration has been issued by the Governor;

54 (b) Have been established in the area for which the  
55 disaster declaration of the Governor was issued for not less than  
56 one (1) year prior to the declaration;

57 (c) Have employed not less than two (2) nor more than  
58 one hundred (100) persons immediately prior to the disaster  
59 declaration;

60 (d) Have suffered physical damage as a direct result of  
61 the disaster; and

62 (e) Be at least fifty-one percent (51%) owned by  
63 Mississippi residents, or, in the case of a Mississippi nonprofit  
64 corporation, controlled by Mississippi residents.

65 (4) Using assessments of the disaster impacted areas, the  
66 authority shall designate the area, and the counties in the area,  
67 in which a small business must be located to be eligible to  
68 participate in the program. The authority shall develop, adopt

69 and publish reasonable rules and regulations for the operation of  
70 the loan program established under this act. The rules and  
71 regulations shall govern the use of loan proceeds, terms of loans,  
72 loan interest rates and fees, the loan approval process and any  
73 other matters the authority considers appropriate. For purposes  
74 of the program established by this act, the authority shall be  
75 exempt from the Mississippi Administrative Procedures Law.

76 **SECTION 4.** The authority shall be the sole administrator of  
77 the funds that become available to implement the provisions of  
78 this act. The authority is authorized to utilize any of its  
79 general powers to operate the loan program established under this  
80 act.

81 **SECTION 5.** (1) After a disaster has been proclaimed by the  
82 Governor, the authority shall determine the need to implement the  
83 loan program authorized by this act. Upon making such  
84 determination, the authority shall notify the State Bond  
85 Commission and request funds be provided to the authority to  
86 implement the program. Not more than Twenty-five Million Dollars  
87 (\$25,000,000.00) shall be provided for any one (1) disaster.

88 (2) (a) Upon receipt of the notification provided for in  
89 subsection (1) of this section, the State Bond Commission is  
90 authorized to obtain a line of credit, in an amount not to exceed  
91 Twenty-five Million Dollars (\$25,000,000.00), from a commercial  
92 lender, investment banking group or a consortium of either or  
93 both. The length of indebtedness under this provision shall not  
94 carry past three (3) years following the origination of the line  
95 of credit. The State Bond Commission shall select a lender. The  
96 line of credit shall be authorized and approved by the State Bond  
97 Commission and shall have such terms and details as may be  
98 provided by resolution of the State Bond Commission. Loan  
99 proceeds shall be received by the authority and shall be used to  
100 implement the loan program authorized by this act. The authority  
101 shall accumulate loan repayments to repay the line of credit;

102 however, the authority may use repayments received while the  
103 program is being made available to small businesses to fund  
104 additional loans. The authority shall seek legislation for  
105 funding to repay loan defaults and interest costs on the line of  
106 credit.

107 (b) As security for the repayment of the principal and  
108 interest on the line of credit provided for in paragraph (a) of  
109 this subsection, the full faith, credit and resources of the State  
110 of Mississippi are hereby irrevocably pledged.

111 (3) This subsection shall be complete authority for the  
112 borrowing authorized hereunder and shall not be subject to any  
113 other limitations under state law.

114 **SECTION 6.** This act shall take effect and be in force from  
115 and after its passage.