

By: Representatives Brown, To: Ways and Means  
 Watson, Akins, Aldridge,  
 Arinder, Bailey, Baker  
 (74th), Baker (8th), Banks,  
 Barnett, Beckett, Bentz,  
 Blackmon, Bondurant, Bounds, Broomfield, Buck, Burnett, Calhoun,  
 Carlton, Chism, Clark, Clarke, Coleman (29th), Coleman (65th),  
 Compretta, Cummings, Davis, Dedeaux, Denny, Dickson, Eaton,  
 Ellington, Ellis, Espy, Evans, Fillingane, Flaggs, Fleming,  
 Formby, Franks, Fredericks, Frierson, Gadd, Gibbs, Gregory, Guice,  
 Hamilton (109th), Hamilton (6th), Harrison, Hines, Holland,  
 Holloway, Howell, Huddleston, Hudson, Ishee, Janus, Jennings,  
 Johnson, Lott, Malone, Markham, Martinson, Masterson, Mayhall,  
 Mayo, McBride, McCoy, Middleton, Miles, Mims, Moak, Montgomery,  
 Moore, Morris, Moss, Myers, Nicholson, Norquist, Parker,  
 Patterson, Peranich, Perkins, Read, Reed, Reeves, Reynolds,  
 Robinson (63rd), Robinson (84th), Rogers (14th), Rogers (61st),  
 Rotenberry, Scott, Shows, Simpson, Smith (27th), Smith (39th),  
 Smith (59th), Snowden, Staples, Stevens, Straughter, Stringer,  
 Sullivan, Thomas, Turner, Upshaw, Vince, Walley, Ward, Warren,  
 Weathersby, Wells-Smith, Whittington, Woods, Young, Zuber

HOUSE BILL NO. 41  
 (As Passed the House)

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 AND OTHER LENDING INSTITUTIONS APPROVED BY  
 10 THE MISSISSIPPI DEVELOPMENT AUTHORITY; TO PROVIDE THE MINIMUM AND  
 11 MAXIMUM AMOUNT OF LOANS AUTHORIZED UNDER THIS ACT; TO PROVIDE THE  
 12 TERM OF SUCH LOANS; TO ESTABLISH CERTAIN ELIGIBILITY REQUIREMENTS  
 13 FOR THE RECEIPT OF SUCH LOANS; TO PROVIDE THAT UPON THE ISSUANCE  
 14 OF A DISASTER DECLARATION BY THE GOVERNOR AND A DETERMINATION OF  
 15 NEED BY THE MISSISSIPPI DEVELOPMENT AUTHORITY, THE STATE BOND  
 16 COMMISSION IS AUTHORIZED TO OBTAIN A LINE OF CREDIT IN AN AMOUNT  
 17 NOT TO EXCEED \$25,000,000.00 FOR ANY ONE DISASTER, FROM A  
 18 COMMERCIAL LENDER, INVESTMENT BANKING GROUP OR A CONSORTIUM OF  
 19 EITHER OR BOTH, FOR THE PURPOSE OF FUNDING THE LOAN PROGRAM; TO  
 20 ESTABLISH A DISASTER HOME FLOOD GRANT PROGRAM TO PROVIDE GRANTS TO  
 21 INDIVIDUALS WHO SUSTAINED PHYSICAL DAMAGE TO HOMES DUE TO FLOODING  
 22 OR STORM SURGE AS A RESULT OF HURRICANE KATRINA AND WHO HAD NO  
 23 FLOOD INSURANCE OR OTHER INSURANCE PROVIDING COVERAGE FOR SUCH  
 24 DAMAGE; TO PROVIDE THAT THE DEPARTMENT OF FINANCE AND  
 25 ADMINISTRATION SHALL ADMINISTER THE GRANT PROGRAM; TO PROVIDE THE  
 26 MAXIMUM AMOUNT OF GRANTS AUTHORIZED UNDER THE GRANT PROGRAM; TO  
 27 ESTABLISH CERTAIN ELIGIBILITY REQUIREMENTS FOR THE RECEIPT OF SUCH  
 28 GRANTS; TO AUTHORIZE THE ISSUANCE OF \$100,000,000.00 WORTH OF  
 29 STATE GENERAL OBLIGATION BONDS FOR THE PURPOSE OF PROVIDING FUNDS  
 30 FOR THE GRANT PROGRAM; AND FOR RELATED PURPOSES.

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

32 **SECTION 1.** Sections 1 through 5 of this act shall be known  
 33 and may be cited as the "Mississippi Disaster Small Business  
 34 Bridge Loan Act."

35 **SECTION 2.** (1) It is the intent of the Legislature, and  
 36 declared to be the policy of the State of Mississippi, that

37 short-term loan funds should be made available quickly to assist  
38 small businesses physically harmed by any disaster for which a  
39 disaster declaration has been issued by the Governor.

40 (2) The loan program established by Sections 1 through 5 of  
41 this act is intended to provide short-term financial assistance to  
42 small businesses until the owners of the business are able to  
43 obtain other financing or obtain insurance proceeds.

44 **SECTION 3.** (1) The Mississippi Development Authority  
45 (hereinafter referred to as the "authority") is authorized and  
46 empowered to utilize any funds acquired pursuant to Section 5 of  
47 this act and any funds otherwise provided for the purposes  
48 expressed in Sections 1 through 5 of this act from any source, to  
49 establish a disaster loan program with federally insured financial  
50 institutions or other approved lending institutions according to  
51 rules and regulations of the authority to provide short-term  
52 bridge loans to small business owners in this state for the  
53 purpose of assisting such small businesses in returning to  
54 business as quickly as possible.

55 (2) The amount of any loan granted under Sections 1 through  
56 5 of this act shall be not less than One Thousand Dollars  
57 (\$1,000.00) nor more than Twenty-five Thousand Dollars  
58 (\$25,000.00). The term of any loan made under this section shall  
59 be ninety (90) days or one hundred eighty (180) days as determined  
60 by the authority based upon the circumstances of the business  
61 applying for the loan. The proceeds of the loans authorized under  
62 Sections 1 through 5 of this act shall be used only for the  
63 purpose of maintaining or restarting the business in the area for  
64 which a disaster declaration by the Governor has been issued.  
65 Upon request by the issuing financial institution, the authority  
66 may extend the term of any loan made under this section up to an  
67 additional one hundred eighty (180) days.

68 (3) To be eligible for the loans authorized under Sections 1  
69 through 5 of this act, small businesses shall:

- 70           (a) Be located in the area for which a disaster  
71 declaration has been issued by the Governor;
- 72           (b) Have been established in the area for which the  
73 disaster declaration of the Governor was issued for not less than  
74 one (1) year prior to the declaration;
- 75           (c) Have employed not less than two (2) nor more than  
76 one hundred (100) persons immediately prior to the disaster  
77 declaration;
- 78           (d) Have suffered physical damage as a direct result of  
79 the disaster; and
- 80           (e) Be at least fifty-one percent (51%) owned by  
81 Mississippi residents, or, in the case of a Mississippi nonprofit  
82 corporation, controlled by Mississippi residents.

83           (4) Using assessments of the disaster impacted areas, the  
84 authority shall designate the area, and the counties in the area,  
85 in which a small business must be located to be eligible to  
86 participate in the program. The authority shall develop, adopt  
87 and publish reasonable rules and regulations for the operation of  
88 the loan program established under Sections 1 through 5 of this  
89 act. The rules and regulations shall govern the use of loan  
90 proceeds, terms of loans, loan interest rates and fees, the loan  
91 approval process and any other matters the authority considers  
92 appropriate. For purposes of the program established by Sections  
93 1 through 5 of this act, the authority shall be exempt from the  
94 Mississippi Administrative Procedures Law.

95           **SECTION 4.** The authority shall be the sole administrator of  
96 the funds that become available to implement the provisions of  
97 Sections 1 through 5 of this act. The authority is authorized to  
98 utilize any of its general powers to operate the loan program  
99 established under Sections 1 through 5 of this act.

100           **SECTION 5.** (1) After a disaster has been proclaimed by the  
101 Governor, the authority shall determine the need to implement the  
102 loan program authorized by Sections 1 through 5 of this act. Upon

103 making such determination, the authority shall notify the State  
104 Bond Commission and request funds be provided to the authority to  
105 implement the program. Not more than Twenty-five Million Dollars  
106 (\$25,000,000.00) shall be provided for any one (1) disaster.

107 (2) (a) Upon receipt of the notification provided for in  
108 subsection (1) of this section, the State Bond Commission is  
109 authorized to obtain a line of credit, in an amount not to exceed  
110 Twenty-five Million Dollars (\$25,000,000.00), from a commercial  
111 lender, investment banking group or a consortium of either or  
112 both. The length of indebtedness under this provision shall not  
113 carry past three (3) years following the origination of the line  
114 of credit. The State Bond Commission shall select a lender. The  
115 line of credit shall be authorized and approved by the State Bond  
116 Commission and shall have such terms and details as may be  
117 provided by resolution of the State Bond Commission. Loan  
118 proceeds shall be received by the authority and shall be used to  
119 implement the loan program authorized by Sections 1 through 5 of  
120 this act. The authority shall accumulate loan repayments to repay  
121 the line of credit; however, the authority may use repayments  
122 received while the program is being made available to small  
123 businesses to fund additional loans. The authority shall seek  
124 legislation for funding to repay loan defaults and interest costs  
125 on the line of credit.

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

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

133 **SECTION 6.** (1) The Department of Finance and Administration  
134 shall establish a disaster grant program to provide grants to  
135 individuals who sustained physical damage to homes due to flooding

136 or storm surge as a result of Hurricane Katrina and who had no  
137 flood insurance or other insurance providing coverage for such  
138 damage. For the purposes of the grant program authorized under  
139 this section, a home shall be the primary homestead of the  
140 applicant.

141 (2) The amount of a grant made under this section shall not  
142 exceed Twenty-five Thousand Dollars (\$25,000.00) or one-half (1/2)  
143 of the cost of repairing or rebuilding a home, whichever is less.  
144 The proceeds of the grants authorized under this section shall be  
145 used only for the purpose of repairing or rebuilding a home for  
146 which a grant was made under this section. An individual  
147 receiving a grant to rebuild a home must rebuild the home in the  
148 county in which it was located at the time of the damage.

149 (3) To be eligible for a grant under this section, an  
150 individual must:

151 (a) Own or have owned a home that sustained physical  
152 damage due to flooding or storm surge as a result of Hurricane  
153 Katrina;

154 (b) Not have had flood insurance or other insurance  
155 providing coverage for such damage or had flood insurance but had  
156 a flood loss that exceeded such insurance and was not covered by  
157 other insurance or source of reimbursement;

158 (c) Have been approved for United States Small Business  
159 Administration disaster loan assistance for repair or rebuilding  
160 of such home; and

161 (d) Agree to obtain and maintain flood insurance  
162 coverage on the property for which assistance is requested.

163 (4) An individual desiring assistance under this section  
164 must submit an application to the Department of Finance and  
165 Administration. The application must include a description of the  
166 property and the purpose for which assistance is requested, the  
167 cost of the project for which assistance is requested and any

168 other information required by the Department of Finance and  
169 Administration.

170 (5) The Department of Finance and Administration shall have  
171 all powers necessary to implement and administer the program  
172 established under this section, and the Department of Finance and  
173 Administration shall promulgate rules and regulations, in  
174 accordance with the Mississippi Administrative Procedures Law,  
175 necessary for the implementation of this section.

176 (6) There is created in the State Treasury a special fund to  
177 be designated as the "Mississippi Disaster Home Flood Grant Fund,"  
178 which shall consist of funds appropriated or otherwise made  
179 available by the Legislature in any manner and funds from any  
180 other source designated for deposit into such fund. Unexpended  
181 amounts remaining in the fund at the end of a fiscal year shall  
182 not lapse into the State General Fund, and any investment earnings  
183 or interest earned on amounts in the fund shall be deposited to  
184 the credit of the fund. Monies in the fund shall be used by the  
185 Department of Finance and Administration for the purposes  
186 described in this section.

187 **SECTION 7.** As used in Sections 7 through 22 of this act, the  
188 following words shall have the meanings ascribed herein unless the  
189 context clearly requires otherwise:

190 (a) "Accreted value" of any bonds means, as of any date  
191 of computation, an amount equal to the sum of (i) the stated  
192 initial value of such bond, plus (ii) the interest accrued thereon  
193 from the issue date to the date of computation at the rate,  
194 compounded semiannually, that is necessary to produce the  
195 approximate yield to maturity shown for bonds of the same  
196 maturity.

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

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

199 **SECTION 8.** (1) The commission, at one time, or from time to  
200 time, may declare by resolution the necessity for issuance of

201 general obligation bonds of the State of Mississippi to provide  
202 funds for the program authorized in Section 6 of this act. Upon  
203 the adoption of a resolution by the Department of Finance and  
204 Administration, declaring the necessity for the issuance of any  
205 part or all of the general obligation bonds authorized by this  
206 section, the Department of Finance and Administration shall  
207 deliver a certified copy of its resolution or resolutions to the  
208 commission. Upon receipt of such resolution, the commission, in  
209 its discretion, may act as the issuing agent, prescribe the form  
210 of the bonds, advertise for and accept bids, issue and sell the  
211 bonds so authorized to be sold and do any and all other things  
212 necessary and advisable in connection with the issuance and sale  
213 of such bonds. The total amount of bonds issued under Sections 7  
214 through 22 of this act shall not exceed One Hundred Million  
215 Dollars (\$100,000,000.00). No bonds shall be issued under  
216 Sections 7 through 22 of this act after July 1, 2007.

217 (2) The proceeds of bonds issued pursuant to Sections 7  
218 through 22 of this act shall be deposited into the special fund  
219 created in Section 6 of this act. Any investment earnings on  
220 bonds issued pursuant to Sections 7 through 22 of this act shall  
221 be used to pay debt service on bonds issued under Sections 7  
222 through 22 of this act, in accordance with the proceedings  
223 authorizing issuance of such bonds.

224 **SECTION 9.** The principal of and interest on the bonds  
225 authorized under Sections 7 through 22 of this act shall be  
226 payable in the manner provided in this section. Such bonds shall  
227 bear such date or dates, be in such denomination or denominations,  
228 bear interest at such rate or rates (not to exceed the limits set  
229 forth in Section 75-17-101, Mississippi Code of 1972), be payable  
230 at such place or places within or without the State of  
231 Mississippi, shall mature absolutely at such time or times not to  
232 exceed twenty-five (25) years from date of issue, be redeemable  
233 before maturity at such time or times and upon such terms, with or

234 without premium, shall bear such registration privileges, and  
235 shall be substantially in such form, all as shall be determined by  
236 resolution of the commission.

237         **SECTION 10.** The bonds authorized by Sections 7 through 22 of  
238 this act shall be signed by the chairman of the commission, or by  
239 his facsimile signature, and the official seal of the commission  
240 shall be affixed thereto, attested by the secretary of the  
241 commission. The interest coupons, if any, to be attached to such  
242 bonds may be executed by the facsimile signatures of such  
243 officers. Whenever any such bonds shall have been signed by the  
244 officials designated to sign the bonds who were in office at the  
245 time of such signing but who may have ceased to be such officers  
246 before the sale and delivery of such bonds, or who may not have  
247 been in office on the date such bonds may bear, the signatures of  
248 such officers upon such bonds and coupons shall nevertheless be  
249 valid and sufficient for all purposes and have the same effect as  
250 if the person so officially signing such bonds had remained in  
251 office until their delivery to the purchaser, or had been in  
252 office on the date such bonds may bear. However, notwithstanding  
253 anything herein to the contrary, such bonds may be issued as  
254 provided in the Registered Bond Act of the State of Mississippi.

255         **SECTION 11.** All bonds and interest coupons issued under the  
256 provisions of Sections 7 through 22 of this act have all the  
257 qualities and incidents of negotiable instruments under the  
258 provisions of the Uniform Commercial Code, and in exercising the  
259 powers granted by Sections 7 through 22 of this act, the  
260 commission shall not be required to and need not comply with the  
261 provisions of the Uniform Commercial Code.

262         **SECTION 12.** The commission shall act as the issuing agent  
263 for the bonds authorized under Sections 7 through 22 of this act,  
264 prescribe the form of the bonds, advertise for and accept bids,  
265 issue and sell the bonds so authorized to be sold, pay all fees  
266 and costs incurred in such issuance and sale, and do any and all

267 other things necessary and advisable in connection with the  
268 issuance and sale of such bonds. The commission is authorized and  
269 empowered to pay the costs that are incident to the sale, issuance  
270 and delivery of the bonds authorized under Sections 7 through 22  
271 of this act from the proceeds derived from the sale of such bonds.  
272 The commission shall sell such bonds on sealed bids at public  
273 sale, and for such price as it may determine to be for the best  
274 interest of the State of Mississippi, but no such sale shall be  
275 made at a price less than par plus accrued interest to the date of  
276 delivery of the bonds to the purchaser. All interest accruing on  
277 such bonds so issued shall be payable semiannually or annually;  
278 however, the first interest payment may be for any period of not  
279 more than one (1) year.

280 Notice of the sale of any such bonds shall be published at  
281 least one time, not less than ten (10) days before the date of  
282 sale, and shall be so published in one or more newspapers  
283 published or having a general circulation in the City of Jackson,  
284 Mississippi, and in one or more other newspapers or financial  
285 journals with a national circulation, to be selected by the  
286 commission.

287 The commission, when issuing any bonds under the authority of  
288 Sections 7 through 22 of this act, may provide that bonds, at the  
289 option of the State of Mississippi, may be called in for payment  
290 and redemption at the call price named therein and accrued  
291 interest on such date or dates named therein.

292 **SECTION 13.** The bonds issued under the provisions of  
293 Sections 7 through 22 of this act are general obligations of the  
294 State of Mississippi, and for the payment thereof the full faith  
295 and credit of the State of Mississippi is irrevocably pledged. If  
296 the funds appropriated by the Legislature are insufficient to pay  
297 the principal of and the interest on such bonds as they become  
298 due, then the deficiency shall be paid by the State Treasurer from  
299 any funds in the State Treasury not otherwise appropriated. All

300 such bonds shall contain recitals on their faces substantially  
301 covering the provisions of this section.

302         **SECTION 14.** Upon the issuance and sale of bonds under the  
303 provisions of Sections 7 through 22 of this act, the commission  
304 shall transfer the proceeds of any such sale or sales to the  
305 special fund created in Section 6 of this act. The proceeds of  
306 such bonds shall be disbursed solely upon the order of the  
307 Department of Finance and Administration under such restrictions,  
308 if any, as may be contained in the resolution providing for the  
309 issuance of the bonds.

310         **SECTION 15.** The bonds authorized under Sections 7 through 22  
311 of this act may be issued without any other proceedings or the  
312 happening of any other conditions or things other than those  
313 proceedings, conditions and things which are specified or required  
314 by Sections 7 through 22 of this act. Any resolution providing  
315 for the issuance of bonds under the provisions of Sections 7  
316 through 22 of this act shall become effective immediately upon its  
317 adoption by the commission, and any such resolution may be adopted  
318 at any regular or special meeting of the commission by a majority  
319 of its members.

320         **SECTION 16.** The bonds authorized under the authority of  
321 Sections 7 through 22 of this act may be validated in the Chancery  
322 Court of the First Judicial District of Hinds County, Mississippi,  
323 in the manner and with the force and effect provided by Chapter  
324 13, Title 31, Mississippi Code of 1972, for the validation of  
325 county, municipal, school district and other bonds. The notice to  
326 taxpayers required by such statutes shall be published in a  
327 newspaper published or having a general circulation in the City of  
328 Jackson, Mississippi.

329         **SECTION 17.** Any holder of bonds issued under the provisions  
330 of Sections 7 through 22 of this act or of any of the interest  
331 coupons pertaining thereto may, either at law or in equity, by  
332 suit, action, mandamus or other proceeding, protect and enforce

333 any and all rights granted under Sections 7 through 22 of this  
334 act, or under such resolution, and may enforce and compel  
335 performance of all duties required by Sections 7 through 22 of  
336 this act to be performed, in order to provide for the payment of  
337 bonds and interest thereon.

338       **SECTION 18.** All bonds issued under the provisions of  
339 Sections 7 through 22 of this act shall be legal investments for  
340 trustees and other fiduciaries, and for savings banks, trust  
341 companies and insurance companies organized under the laws of the  
342 State of Mississippi, and such bonds shall be legal securities  
343 which may be deposited with and shall be received by all public  
344 officers and bodies of this state and all municipalities and  
345 political subdivisions for the purpose of securing the deposit of  
346 public funds.

347       **SECTION 19.** Bonds issued under the provisions of Sections 7  
348 through 22 of this act and income therefrom shall be exempt from  
349 all taxation in the State of Mississippi.

350       **SECTION 20.** The proceeds of the bonds issued under Sections  
351 7 through 22 of this act shall be used solely for the purposes  
352 therein provided, including the costs incident to the issuance and  
353 sale of such bonds.

354       **SECTION 21.** The State Treasurer is authorized, without  
355 further process of law, to certify to the Department of Finance  
356 and Administration the necessity for warrants, and the Department  
357 of Finance and Administration is authorized and directed to issue  
358 such warrants, in such amounts as may be necessary to pay when due  
359 the principal of, premium, if any, and interest on, or the  
360 accreted value of, all bonds issued under Sections 7 through 22 of  
361 this act; and the State Treasurer shall forward the necessary  
362 amount to the designated place or places of payment of such bonds  
363 in ample time to discharge such bonds, or the interest thereon, on  
364 the due dates thereof.

365           **SECTION 22.** Sections 7 through 22 of this act shall be  
366 deemed to be full and complete authority for the exercise of the  
367 powers therein granted, but Sections 7 through 22 of this act  
368 shall not be deemed to repeal or to be in derogation of any  
369 existing law of this state.

370           **SECTION 23.** This act shall take effect and be in force from  
371 and after its passage.