

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 Sent to Governor)

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

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

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

22            **SECTION 2.** (1) It is the intent of the Legislature, and  
 23 declared to be the policy of the State of Mississippi, that  
 24 short-term loan funds should be made available quickly to assist  
 25 small businesses physically harmed by Hurricane Katrina.

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

30           **SECTION 3.** (1) The Mississippi Development Authority  
31 (hereinafter referred to as the "authority") is authorized and  
32 empowered to utilize any funds acquired pursuant to Section 5 of  
33 this act and any funds otherwise provided for the purposes  
34 expressed in this act from any source, to establish a disaster  
35 loan program with federally insured financial institutions or  
36 other approved lending institutions according to rules and  
37 regulations of the authority to provide short-term bridge loans to  
38 small business owners in this state for the purpose of assisting  
39 such small businesses in returning to business as quickly as  
40 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. However,  
47 upon request by the issuing financial institution, the authority  
48 may extend the term of any loan made under this act up to an  
49 additional one hundred eighty (180) days. The proceeds of the  
50 loans authorized under this act shall be used only for the purpose  
51 of maintaining or restarting the business in the area for which a  
52 disaster declaration by the Governor for Hurricane Katrina was  
53 issued.

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

56                   (a) Be located in the area for which a disaster  
57 declaration for Hurricane Katrina was issued by the Governor;

58                   (b) Have been established in the area for which the  
59 disaster declaration of the Governor for Hurricane Katrina was  
60 issued for not less than one (1) year prior to the declaration;

61           (c) Have employed not less than two (2) nor more than  
62 one hundred (100) persons immediately prior to the disaster  
63 declaration;

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

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

69           (4) Using assessments of the disaster impacted areas, the  
70 authority shall designate the area, and the counties in the area,  
71 in which a small business must be located to be eligible to  
72 participate in the program. The authority shall develop, adopt  
73 and publish reasonable rules and regulations for the operation of  
74 the loan program established under this act. The rules and  
75 regulations shall govern the use of loan proceeds, terms of loans,  
76 loan interest rates and fees, the loan approval process and any  
77 other matters the authority considers appropriate. For purposes  
78 of the program established by this act, the authority shall be  
79 exempt from the Mississippi Administrative Procedures Law.

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

85           **SECTION 5.** (1) The authority shall determine the need to  
86 implement the loan program authorized by this act. Upon making  
87 such determination, the authority shall notify the State Bond  
88 Commission and request funds be provided to the authority to  
89 implement the program. Not more than Twenty-five Million Dollars  
90 (\$25,000,000.00) shall be provided.

91           (2) (a) Upon receipt of the notification provided for in  
92 subsection (1) of this section, the State Bond Commission is  
93 authorized to obtain a line of credit, in an amount not to exceed

94 Twenty-five Million Dollars (\$25,000,000.00), from a commercial  
95 lender, investment banking group or a consortium of either or  
96 both. The length of indebtedness under this provision shall not  
97 carry past three (3) years following the origination of the line  
98 of credit. The State Bond Commission shall select a lender. The  
99 line of credit shall be authorized and approved by the State Bond  
100 Commission and shall have such terms and details as may be  
101 provided by resolution of the State Bond Commission. Loan  
102 proceeds shall be received by the authority and shall be used to  
103 implement the loan program authorized by this act. The authority  
104 shall accumulate loan repayments to repay the line of credit;  
105 however, the authority may use repayments received while the  
106 program is being made available to small businesses to fund  
107 additional loans. The authority shall seek legislation for  
108 funding to repay loan defaults and interest costs on the line of  
109 credit.

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

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

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