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To: Finance

SENATE BILL NO. 2003

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

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

18 **SECTION 1.** This act shall be known and may be cited as the
 19 "Hurricane Katrina Disaster Small Business Bridge Loan Act."

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

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

28 **SECTION 3.** (1) The Mississippi Development Authority
 29 (hereinafter referred to as the "authority") is authorized and
 30 empowered to utilize any funds acquired pursuant to Section 5 of
 31 this act and any funds otherwise provided for the purposes
 32 expressed in this act from any source, to establish a disaster

33 loan program with federally insured financial institutions to
34 provide short-term bridge loans to small business owners whose
35 businesses were physically damaged by Hurricane Katrina in this
36 state for the purpose of assisting such small businesses in
37 returning to business as quickly as possible.

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

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

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

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

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

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

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

63 (4) Using assessments of the disaster impacted areas, the
64 authority shall designate the area, and the counties in the area,
65 in which a small business must be located to be eligible to

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

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

79 **SECTION 5.** (1) The authority shall determine the need to
80 implement the loan program authorized by this act. Upon making
81 such determination, the authority shall notify the State Bond
82 Commission and request funds be provided to the authority to
83 implement the program. Not more than Twenty-five Million Dollars
84 (\$25,000,000.00) may be provided.

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

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

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

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

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