

**Adopted
COMMITTEE AMENDMENT NO 1 PROPOSED TO**

House Bill No. 41

BY: Committee

**Amend by striking all after the enacting clause and inserting
in lieu thereof the following:**

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

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

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

41 **SECTION 3.** (1) The Mississippi Development Authority
42 (hereinafter referred to as the "authority") is authorized and
43 empowered to utilize any funds acquired pursuant to Section 5 of
44 this act and any funds otherwise provided for the purposes
45 expressed in this act from any source, to establish a disaster
46 loan program with federally insured financial institutions to
47 provide short-term bridge loans to small business owners whose
48 businesses were physically damaged by Hurricane Katrina in this

49 state for the purpose of assisting such small businesses in
50 returning to business as quickly as possible.

51 (2) The amount of any loan granted under this act shall be
52 not less than One Thousand Dollars (\$1,000.00) nor more than
53 Twenty-five Thousand Dollars (\$25,000.00). The term of any loan
54 made under this section shall be ninety (90) days or one hundred
55 eighty (180) days as determined by the authority based upon the
56 circumstances of the business applying for the loan; however, upon
57 request of a financial institution assisting in the program, the
58 authority may extend the term of any loan made under this act an
59 additional one hundred eighty (180) days. The proceeds of the
60 loans authorized under this act shall be used only for the purpose
61 of maintaining or restarting the business in the area for which
62 the disaster declaration by the Governor for Hurricane Katrina was
63 issued.

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

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

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

71 (c) Have employed not less than two (2) nor more than
72 one hundred (100) persons immediately prior to the disaster
73 declaration;

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

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

79 (4) Using assessments of the disaster impacted areas, the
80 authority shall designate the area, and the counties in the area,

81 in which a small business must be located to be eligible to
82 participate in the program. The authority shall develop, adopt
83 and publish reasonable rules and regulations for the operation of
84 the loan program established under this act. The rules and
85 regulations shall govern the use of loan proceeds, terms of loans,
86 loan interest rates and fees, the loan approval process and any
87 other matters the authority considers appropriate. For purposes
88 of the program established by this act, the authority shall be
89 exempt from the Mississippi Administrative Procedures Law.

90 **SECTION 4.** The authority shall be the sole administrator of
91 the funds that become available to implement the provisions of
92 this act. The authority is authorized to utilize any of its
93 general powers to operate the loan program established under this
94 act.

95 **SECTION 5.** (1) The authority shall determine the need to
96 implement the loan program authorized by this act. Upon making
97 such determination, the authority shall notify the State Bond
98 Commission and request funds be provided to the authority to
99 implement the program. Not more than Twenty-five Million Dollars
100 (\$25,000,000.00) may be provided.

101 (2) (a) Upon receipt of the notification provided for in
102 subsection (1) of this section, the State Bond Commission is
103 authorized to obtain a line of credit, in an amount not to exceed
104 Twenty-five Million Dollars (\$25,000,000.00), from a commercial
105 lender, investment banking group or a consortium of either or
106 both. The length of indebtedness under this provision shall not
107 carry past three (3) years following the origination of the line
108 of credit. The State Bond Commission shall select a lender. The
109 line of credit shall be authorized and approved by the State Bond
110 Commission and shall have such terms and details as may be
111 provided by resolution of the State Bond Commission. Loan
112 proceeds shall be received by the authority and shall be used to

113 implement the loan program authorized by this act. The authority
114 shall accumulate loan repayments to repay the line of credit;
115 however, the authority may use repayments received while the
116 program is being made available to small businesses to fund
117 additional loans. The authority shall seek legislation for
118 funding to repay loan defaults and interest costs on the line of
119 credit.

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

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

127 **SECTION 6.** (1) The Department of Finance and Administration
128 shall establish a disaster grant program to provide grants to
129 individuals who sustained physical damage to homes or apartment
130 complexes due to flooding or storm surge as a result of Hurricane
131 Katrina or a storm that occurred as a result of Hurricane Katrina
132 and who had no flood insurance or other insurance providing
133 coverage for such damage. For the purposes of the grant program
134 authorized under this section:

135 (a) A home shall be the primary homestead of the
136 applicant; and

137 (b) An apartment complex shall be any multiunit
138 residential housing complex which is at least fifty-one percent
139 (51%) majority owned by Mississippi residents.

140 (2) The amount of a grant made under this section shall not
141 exceed Twenty-five Thousand Dollars (\$25,000.00) or one-half (1/2)
142 of the cost of repairing or rebuilding a home or apartment
143 complex, whichever is less. The proceeds of the grants authorized
144 under this section shall be used only for the purpose of repairing

145 or rebuilding a home or apartment complex for which a grant was
146 made under this section. An individual receiving a grant to
147 rebuild a home or apartment complex must rebuild the home or
148 apartment complex in the county in which it was located at the
149 time of the damage.

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

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

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

160 (c) Have exhausted all available federal remedies to
161 obtain funds to pay for the cost of repairing or rebuilding his or
162 her home or apartment complex;

163 (d) Have been approved for United States Small Business
164 Administration disaster loan assistance or a Federal Emergency
165 Management Agency grant for repair or rebuilding of such home or
166 apartment complex; and

167 (e) Agree to obtain and maintain flood insurance
168 coverage on the property for which assistance is requested.

169 (4) (a) Any property owner who receives a grant under this
170 section and who fails to maintain flood insurance coverage on the
171 property for which assistance is requested as required in this
172 section shall not be eligible for state assistance for any flood
173 damage that occurs after the grant is made.

174 (b) Any homes or apartment complexes that were located
175 in an area designated as a Special Flood Hazard Area under the
176 National Flood Insurance Program, received flood damage as a

177 result of Hurricane Katrina or a storm that occurred as a result
178 of Hurricane Katrina and were not covered by flood insurance,
179 shall not be eligible for a grant under this section.

180 (c) If any damage to a home or apartment complex for
181 which a grant is awarded under this section is subsequently found
182 to have been paid for or covered by a policy of insurance, the
183 person who received the grant shall repay all or a portion of the
184 grant, as determined by the Department of Finance and
185 Administration.

186 (5) An individual desiring assistance under this section
187 must submit an application to the Department of Finance and
188 Administration. The application must include a description of the
189 property and the purpose for which assistance is requested, the
190 cost of the project for which assistance is requested and any
191 other information required by the Department of Finance and
192 Administration.

193 (6) The Department of Finance and Administration shall have
194 all powers necessary to implement and administer the program
195 established under this section, and the Department of Finance and
196 Administration shall promulgate rules and regulations, in
197 accordance with the Mississippi Administrative Procedures Law,
198 necessary for the implementation of this section.

199 (7) There is created in the State Treasury a special fund to
200 be designated as the "Mississippi Disaster Home and Apartment
201 Complex Flood Grant Fund," which shall consist of funds
202 appropriated or otherwise made available by the Legislature in any
203 manner and funds from any other source designated for deposit into
204 such fund. Unexpended amounts remaining in the fund at the end of
205 a fiscal year shall not lapse into the State General Fund, and any
206 investment earnings or interest earned on amounts in the fund
207 shall be deposited to the credit of the fund. Monies in the fund

208 shall be used by the Department of Finance and Administration for
209 the purposes described in this section.

210 (8) The provisions of this section shall not take effect
211 until such time as the Legislature appropriates Fifty Million
212 Dollars (\$50,000,000.00) from the State General Fund to the
213 Department of Finance and Administration for administration of the
214 loan program established in this section.

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

218 (a) "Accreted value" of any bonds means, as of any date
219 of computation, an amount equal to the sum of (i) the stated
220 initial value of such bond, plus (ii) the interest accrued thereon
221 from the issue date to the date of computation at the rate,
222 compounded semiannually, that is necessary to produce the
223 approximate yield to maturity shown for bonds of the same
224 maturity.

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

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

227 **SECTION 8.** (1) The commission, at one time, or from time to
228 time, may declare by resolution the necessity for issuance of
229 general obligation bonds of the State of Mississippi to provide
230 funds for the program authorized in Section 6 of this act. Upon
231 the adoption of a resolution by the Department of Finance and
232 Administration, declaring the necessity for the issuance of any
233 part or all of the general obligation bonds authorized by this
234 section, the Department of Finance and Administration shall
235 deliver a certified copy of its resolution or resolutions to the
236 commission. Upon receipt of such resolution, the commission, in
237 its discretion, may act as the issuing agent, prescribe the form
238 of the bonds, advertise for and accept bids, issue and sell the
239 bonds so authorized to be sold and do any and all other things

240 necessary and advisable in connection with the issuance and sale
241 of such bonds. The total amount of bonds issued under Sections 7
242 through 22 of this act shall not exceed Five Hundred Million
243 Dollars (\$500,000,000.00). No bonds shall be issued under
244 Sections 7 through 22 of this act:

245 (a) Until such time as the Legislature appropriates
246 Fifty Million Dollars (\$50,000,000.00) from the State General Fund
247 to the Department of Finance and Administration for administration
248 of the program established in Section 6 of this act; or

249 (b) After July 1, 2007.

250 (2) The proceeds of bonds issued pursuant to Sections 7
251 through 22 of this act shall be deposited into the special fund
252 created in Section 6 of this act. Any investment earnings on
253 bonds issued pursuant to Sections 7 through 22 of this act shall
254 be used to pay debt service on bonds issued under Sections 7
255 through 22 of this act, in accordance with the proceedings
256 authorizing issuance of such bonds.

257 **SECTION 9.** The principal of and interest on the bonds
258 authorized under Sections 7 through 22 of this act shall be
259 payable in the manner provided in this section. Such bonds shall
260 bear such date or dates, be in such denomination or denominations,
261 bear interest at such rate or rates (not to exceed the limits set
262 forth in Section 75-17-101, Mississippi Code of 1972), be payable
263 at such place or places within or without the State of
264 Mississippi, shall mature absolutely at such time or times not to
265 exceed twenty-five (25) years from date of issue, be redeemable
266 before maturity at such time or times and upon such terms, with or
267 without premium, shall bear such registration privileges, and
268 shall be substantially in such form, all as shall be determined by
269 resolution of the commission.

270 **SECTION 10.** The bonds authorized by Sections 7 through 22 of
271 this act shall be signed by the chairman of the commission, or by

272 his facsimile signature, and the official seal of the commission
273 shall be affixed thereto, attested by the secretary of the
274 commission. The interest coupons, if any, to be attached to such
275 bonds may be executed by the facsimile signatures of such
276 officers. Whenever any such bonds shall have been signed by the
277 officials designated to sign the bonds who were in office at the
278 time of such signing but who may have ceased to be such officers
279 before the sale and delivery of such bonds, or who may not have
280 been in office on the date such bonds may bear, the signatures of
281 such officers upon such bonds and coupons shall nevertheless be
282 valid and sufficient for all purposes and have the same effect as
283 if the person so officially signing such bonds had remained in
284 office until their delivery to the purchaser, or had been in
285 office on the date such bonds may bear. However, notwithstanding
286 anything herein to the contrary, such bonds may be issued as
287 provided in the Registered Bond Act of the State of Mississippi.

288 **SECTION 11.** All bonds and interest coupons issued under the
289 provisions of Sections 7 through 22 of this act have all the
290 qualities and incidents of negotiable instruments under the
291 provisions of the Uniform Commercial Code, and in exercising the
292 powers granted by Sections 7 through 22 of this act, the
293 commission shall not be required to and need not comply with the
294 provisions of the Uniform Commercial Code.

295 **SECTION 12.** The commission shall act as the issuing agent
296 for the bonds authorized under Sections 7 through 22 of this act,
297 prescribe the form of the bonds, advertise for and accept bids,
298 issue and sell the bonds so authorized to be sold, pay all fees
299 and costs incurred in such issuance and sale, and do any and all
300 other things necessary and advisable in connection with the
301 issuance and sale of such bonds. The commission is authorized and
302 empowered to pay the costs that are incident to the sale, issuance
303 and delivery of the bonds authorized under Sections 7 through 22

304 of this act from the proceeds derived from the sale of such bonds.
305 The commission shall sell such bonds on sealed bids at public
306 sale, and for such price as it may determine to be for the best
307 interest of the State of Mississippi, but no such sale shall be
308 made at a price less than par plus accrued interest to the date of
309 delivery of the bonds to the purchaser. All interest accruing on
310 such bonds so issued shall be payable semiannually or annually;
311 however, the first interest payment may be for any period of not
312 more than one (1) year.

313 Notice of the sale of any such bonds shall be published at
314 least one time, not less than ten (10) days before the date of
315 sale, and shall be so published in one or more newspapers
316 published or having a general circulation in the City of Jackson,
317 Mississippi, and in one or more other newspapers or financial
318 journals with a national circulation, to be selected by the
319 commission.

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

325 **SECTION 13.** The bonds issued under the provisions of
326 Sections 7 through 22 of this act are general obligations of the
327 State of Mississippi, and for the payment thereof the full faith
328 and credit of the State of Mississippi is irrevocably pledged. If
329 the funds appropriated by the Legislature are insufficient to pay
330 the principal of and the interest on such bonds as they become
331 due, then the deficiency shall be paid by the State Treasurer from
332 any funds in the State Treasury not otherwise appropriated. All
333 such bonds shall contain recitals on their faces substantially
334 covering the provisions of this section.

335 **SECTION 14.** Upon the issuance and sale of bonds under the
336 provisions of Sections 7 through 22 of this act, the commission
337 shall transfer the proceeds of any such sale or sales to the
338 special fund created in Section 6 of this act. The proceeds of
339 such bonds shall be disbursed solely upon the order of the
340 Department of Finance and Administration under such restrictions,
341 if any, as may be contained in the resolution providing for the
342 issuance of the bonds.

343 **SECTION 15.** The bonds authorized under Sections 7 through 22
344 of this act may be issued without any other proceedings or the
345 happening of any other conditions or things other than those
346 proceedings, conditions and things which are specified or required
347 by Sections 7 through 22 of this act. Any resolution providing
348 for the issuance of bonds under the provisions of Sections 7
349 through 22 of this act shall become effective immediately upon its
350 adoption by the commission, and any such resolution may be adopted
351 at any regular or special meeting of the commission by a majority
352 of its members.

353 **SECTION 16.** The bonds authorized under the authority of
354 Sections 7 through 22 of this act may be validated in the Chancery
355 Court of the First Judicial District of Hinds County, Mississippi,
356 in the manner and with the force and effect provided by Chapter
357 13, Title 31, Mississippi Code of 1972, for the validation of
358 county, municipal, school district and other bonds. The notice to
359 taxpayers required by such statutes shall be published in a
360 newspaper published or having a general circulation in the City of
361 Jackson, Mississippi.

362 **SECTION 17.** Any holder of bonds issued under the provisions
363 of Sections 7 through 22 of this act or of any of the interest
364 coupons pertaining thereto may, either at law or in equity, by
365 suit, action, mandamus or other proceeding, protect and enforce
366 any and all rights granted under Sections 7 through 22 of this

367 act, or under such resolution, and may enforce and compel
368 performance of all duties required by Sections 7 through 22 of
369 this act to be performed, in order to provide for the payment of
370 bonds and interest thereon.

371 **SECTION 18.** All bonds issued under the provisions of
372 Sections 7 through 22 of this act shall be legal investments for
373 trustees and other fiduciaries, and for savings banks, trust
374 companies and insurance companies organized under the laws of the
375 State of Mississippi, and such bonds shall be legal securities
376 which may be deposited with and shall be received by all public
377 officers and bodies of this state and all municipalities and
378 political subdivisions for the purpose of securing the deposit of
379 public funds.

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

383 **SECTION 20.** The proceeds of the bonds issued under Sections
384 7 through 22 of this act shall be used solely for the purposes
385 therein provided, including the costs incident to the issuance and
386 sale of such bonds.

387 **SECTION 21.** The State Treasurer is authorized, without
388 further process of law, to certify to the Department of Finance
389 and Administration the necessity for warrants, and the Department
390 of Finance and Administration is authorized and directed to issue
391 such warrants, in such amounts as may be necessary to pay when due
392 the principal of, premium, if any, and interest on, or the
393 accreted value of, all bonds issued under Sections 7 through 22 of
394 this act; and the State Treasurer shall forward the necessary
395 amount to the designated place or places of payment of such bonds
396 in ample time to discharge such bonds, or the interest thereon, on
397 the due dates thereof.

398 **SECTION 22.** Sections 7 through 22 of this act shall be
399 deemed to be full and complete authority for the exercise of the
400 powers therein granted, but Sections 7 through 22 of this act
401 shall not be deemed to repeal or to be in derogation of any
402 existing law of this state.

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

**Further, amend by striking the title in its entirety and
inserting in lieu thereof the following:**

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; TO ESTABLISH A DISASTER HOME AND
17 APARTMENT COMPLEX FLOOD GRANT PROGRAM TO PROVIDE GRANTS TO
18 INDIVIDUALS WHO SUSTAINED PHYSICAL DAMAGE TO HOMES OR APARTMENT
19 COMPLEXES DUE TO FLOODING OR STORM SURGE AS A RESULT OF HURRICANE
20 KATRINA OR A STORM THAT OCCURRED AS A RESULT OF HURRICANE KATRINA
21 AND WHO HAD NO FLOOD INSURANCE OR OTHER INSURANCE PROVIDING
22 COVERAGE FOR SUCH DAMAGE; TO PROVIDE THAT THE DEPARTMENT OF
23 FINANCE AND ADMINISTRATION SHALL ADMINISTER THE GRANT PROGRAM; TO
24 PROVIDE THE MAXIMUM AMOUNT OF GRANTS AUTHORIZED UNDER THE GRANT
25 PROGRAM; TO ESTABLISH CERTAIN ELIGIBILITY REQUIREMENTS FOR THE
26 RECEIPT OF SUCH GRANTS; TO AUTHORIZE THE ISSUANCE OF
27 \$500,000,000.00 WORTH OF STATE GENERAL OBLIGATION BONDS FOR THE
28 PURPOSE OF PROVIDING FUNDS FOR THE GRANT PROGRAM; AND FOR RELATED
29 PURPOSES.