

By: Representatives Watson, Gadd, Peranich,
Espy

To: Ways and Means

HOUSE BILL NO. 1724

1 AN ACT TO ESTABLISH THE RESEARCH AND DEVELOPMENT PROGRAM FOR
2 THE PURPOSE OF MAKING ASSISTANCE AVAILABLE FOR SEED AND EARLY
3 STAGE CAPITAL TO SMALL AND MEDIUM SIZED MISSISSIPPI BUSINESSES
4 WITH HIGH GROWTH POTENTIAL THAT ARE ENGAGED IN RESEARCH AND
5 DEVELOPMENT ACTIVITIES WITH A MISSISSIPPI UNIVERSITY, COLLEGE
6 AND/OR COMMUNITY/JUNIOR COLLEGE; TO ESTABLISH THE MISSISSIPPI NEW
7 TECHNOLOGY BUSINESS PROGRAM-LEVEL 1 FOR THE PURPOSE OF MAKING
8 ASSISTANCE AVAILABLE TO PROVIDE WORKING CAPITAL TO SUPPORT THE
9 INITIAL CAPITALIZATION OF TECHNOLOGY BASED BUSINESSES IN
10 MISSISSIPPI; TO ESTABLISH THE MISSISSIPPI NEW TECHNOLOGY BUSINESS
11 PROGRAM-LEVEL 2 FOR THE PURPOSE OF MAKING ASSISTANCE AVAILABLE TO
12 PROVIDE WORKING CAPITAL TO SUPPORT THE CONTINUED CAPITALIZATION OF
13 TECHNOLOGY BASED BUSINESSES IN MISSISSIPPI; TO ESTABLISH THE RURAL
14 INNOVATION PROGRAM-LEVEL 1 FOR THE PURPOSE OF MAKING ASSISTANCE
15 AVAILABLE TO PROVIDE WORKING CAPITAL TO SUPPORT THE INITIAL
16 CAPITALIZATION OF TECHNOLOGY BASED BUSINESSES IN RURAL
17 MISSISSIPPI; TO ESTABLISH THE RURAL INNOVATION PROGRAM-LEVEL 2 FOR
18 THE PURPOSE OF MAKING ASSISTANCE AVAILABLE TO PROVIDE WORKING
19 CAPITAL TO SUPPORT THE CONTINUED CAPITALIZATION OF TECHNOLOGY
20 BASED BUSINESSES IN RURAL MISSISSIPPI; TO PROVIDE THAT THE
21 PROGRAMS ESTABLISHED UNDER THIS ACT SHALL BE UNDER THE DIRECTION
22 OF THE MISSISSIPPI TECHNOLOGY ALLIANCE; TO ESTABLISH REQUIREMENTS
23 AND GUIDELINES FOR THE PROGRAMS; TO AUTHORIZE THE ISSUANCE OF
24 STATE GENERAL OBLIGATION BONDS FOR THE PURPOSE OF PROVIDING FUNDS
25 FOR THE PROGRAMS CREATED IN THIS ACT; AND FOR RELATED PURPOSES.

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

27 **SECTION 1.** (1) There is established under the direction of
28 the Mississippi Technology Alliance ("MTA") a program to be known
29 as the "Research and Development Program" for the purpose of
30 making assistance available for seed and early stage capital to
31 small and medium sized Mississippi businesses with high growth
32 potential that are engaged in research and development activities
33 with a Mississippi university, college and/or community/junior
34 college.

35 (2) (a) In order to be eligible for assistance under the
36 program, a business must: (i) have its principal place of
37 business based in Mississippi, (ii) produce or provide a product
38 and/or service that is science or technology related, (iii) have

39 completed its product and/or service development planning, and
40 (iv) develop technology based business opportunity in partnership
41 with a Mississippi university, college and/or community/junior
42 college.

43 (b) Any business desiring to participate in the program
44 must submit an application to the MTA. The application must
45 contain a technical brief and project plan for the
46 commercialization of the technology developed or proposed for
47 development by the business and any other information requested by
48 the MTA. If the MTA staff reviewing the application determines
49 that an application should be reviewed by the Seed Fund Investment
50 Board appointed by the MTA Board of Directors, the application
51 shall be forwarded to the Seed Fund Investment Board. If the Seed
52 Fund Investment Board approves the application, the MTA shall
53 negotiate a contract with the business regarding any assistance
54 provided to the business under the program, the expenditure of
55 assistance provided to the business, repayment of assistance by
56 the business, and any other matters to which the parties may
57 agree. Any such contract must provide for at least the following:
58 (i) that any assistance provided to the business will be on a
59 reimbursement basis in which the business will expend funds
60 according to the terms of the contract and submit invoices,
61 receipts and other applicable documentation and information to the
62 MTA for reimbursement; (ii) that no funds may be expended or used
63 for patent prosecution, reorganization of the business, or payment
64 of any existing debt of the business outstanding or otherwise
65 incurred at the time the contract is entered into; (iii) that no
66 funds may be expended to reimburse expenses for work conducted or
67 services provided by the business, a university or a third party
68 consultant if those expenses were incurred before the term of the
69 contract; (iv) that at least fifty-one percent (51%) of the funds
70 received by the business must be expended with a Mississippi
71 university, college and/or community/junior college with which the

72 business has a contract for research and development or technology
73 development work or services; (v) that the MTA will pay not more
74 than ten percent (10%) of overhead expenses for the business
75 and/or the university, college and/or community/junior college;
76 (vi) that the business will provide matching funding of One Dollar
77 (\$1.00) for every One Dollar (\$1.00) of assistance, with at least
78 fifty percent (50%) of the match being in cash and the remaining
79 amount being from in-kind services, all of which must be
80 documented by time sheets, payroll receipts, invoices and other
81 documentation or information required by the MTA; and (vii) that
82 the business receiving assistance will retain ownership of any
83 technology developed by the business before the start of the
84 project for which assistance is received, and that rights to new
85 intellectual property developed as a result of the project will be
86 subject to mutually agreed upon terms and conditions of the
87 collaborative research agreement executed by the business and the
88 university, college and/or community/junior college before the
89 start of the project. Assistance received by a business and not
90 expended for purposes required in the contract between the
91 business and the MTA may be expended for hiring third party
92 consultants to assist the business, working capital, marketing,
93 prototype development and equipment. The amount of assistance
94 that a business may receive under the program shall not exceed One
95 Hundred Thousand Dollars (\$100,000.00) in any one (1) year and
96 shall not exceed Two Hundred Thousand Dollars (\$200,000.00) in the
97 aggregate.

98 (c) Except as otherwise provided in this paragraph, a
99 business receiving assistance under the program shall be required
100 to repay the assistance in the manner provided in this paragraph.
101 Repayment shall be made through the use of a convertible note in
102 which the business will repay one hundred percent (100%) of the
103 amount of assistance received if such repayment is made within
104 thirty-six (36) months from the date the assistance is received,

105 with the amount to be repaid by the business increasing at a rate
106 determined by the parties in the contract up to an amount not to
107 exceed two hundred percent (200%) of the amount of assistance if
108 such repayment is made later than thirty-six (36) months from the
109 date the assistance is received but not later than sixty (60)
110 months from the date the assistance is received. The MTA shall
111 have the option of converting the amount of assistance awarded to
112 the business into common stock of the business or into a royalty
113 in the gross sales of the business. Amounts received as
114 repayments shall be deposited into the special fund created in
115 subsection (3) of this section. Notwithstanding the preceding
116 provisions of this paragraph, if the business receiving assistance
117 fails to meet certain financial performance levels established in
118 the contract between the business and the MTA and the contract
119 does not activate any repayment provisions, then the MTA will deem
120 the assistance provided to be a loss and the business receiving
121 assistance shall not be required to repay the assistance received.

122 (3) There is created in the State Treasury a special fund,
123 to be designated as the "Research and Development Program Fund,"
124 which shall consist of funds appropriated or otherwise made
125 available by the Legislature. The fund shall be maintained by the
126 State Treasurer as a separate and special fund, separate and apart
127 from the General Fund of the state. Unexpended amounts remaining
128 in the fund at the end of a fiscal year shall not lapse into the
129 State General Fund, and any interest earned or investment earnings
130 on amounts in the fund shall be deposited into such fund. Monies
131 in the fund shall be disbursed, in the discretion of the
132 Mississippi Development Authority, to provide funds to the MTA for
133 the purposes described in this section, or for the purposes
134 described in Sections 2, 3, 4 and/or 5 of this act if the MTA
135 determines that the funds are not needed for the purposes
136 described in this section.

137 **SECTION 2.** (1) There is established under the direction of
138 the Mississippi Technology Alliance ("MTA") a program to be known
139 as the "Mississippi New Technology Business Program-Level 1" for
140 the purpose of making assistance available to provide working
141 capital to support the initial capitalization of technology based
142 businesses in Mississippi.

143 (2) (a) In order to be eligible for assistance under the
144 program, a business must: (i) have its principal place of
145 business based in Mississippi, and be a startup business, (ii)
146 have rights to the intellectual property supporting the venture
147 opportunity for which assistance is requested, (iii) demonstrate
148 compelling evidence for rapid growth and high performance
149 potential, (iv) be invited by the MTA to apply for assistance
150 based upon an agreeable scope of work.

151 (b) Any business desiring to participate in the program
152 must submit an application to the MTA. The application must
153 contain a description of the purposes for which the assistance is
154 requested, the amount of assistance requested and any other
155 information requested by the MTA. If the MTA staff reviewing the
156 application determines that an application should be reviewed by
157 the Seed Fund Investment Board appointed by the MTA Board of
158 Directors, the application shall be forwarded to the Seed Fund
159 Investment Board. If the Seed Fund Investment Board approves the
160 application, the MTA shall negotiate a contract with the business
161 regarding any assistance provided to the business under the
162 program, the expenditure of the assistance provided to the
163 business, and any other matters to which the parties may agree.
164 Any such contract must provide for at least the following: (i)
165 that any assistance provided to the business will be on a
166 reimbursement basis in which the business will expend funds
167 according to the terms of the contract and submit invoices,
168 receipts and other applicable documentation and information to the
169 MTA for reimbursement; (ii) that no funds may be expended or used

170 for patent prosecution, reorganization of the business, or payment
171 of any existing debt of the business outstanding or otherwise
172 incurred at the time the contract is entered into; (iii) that no
173 funds may be expended to reimburse expenses for work conducted or
174 services provided by the business, a university or a third party
175 consultant if those expenses were incurred before the term of the
176 contract; (iv) that the business receiving assistance will retain
177 ownership of any technology developed by the business regardless
178 of whether the technology is developed before or after the receipt
179 of assistance; and (v) that the business will provide matching
180 funding of One Dollar (\$1.00) for every One Dollar (\$1.00) of
181 assistance, with at least twenty-five percent (25%) of the match
182 being in cash and the remaining amount being from in-kind
183 services, all of which must be documented by time sheets, payroll
184 receipts, invoices and other documentation or information required
185 by the MTA. Assistance received by a business may be expended for
186 hiring third party consultants to assist the business and for
187 equipment. The amount of assistance that a business may receive
188 under the program shall not exceed Ten Thousand Dollars
189 (\$10,000.00) and any award of assistance shall be made on a one
190 time basis.

191 (c) Except as otherwise provided in this paragraph, a
192 business receiving assistance under the program shall be required
193 to repay the assistance in the manner provided in this paragraph.
194 Repayment shall be made through the use of a nonrecourse loan in
195 which the business will repay the loan upon the successful
196 commercialization of the product or service. The business will
197 repay one hundred percent (100%) of the amount of assistance
198 received if such repayment is made within thirty-six (36) months
199 from the date the assistance is received, with the amount to be
200 repaid by the business increasing at a rate determined by the
201 parties in the contract up to an amount not to exceed two hundred
202 percent (200%) of the amount of assistance if such repayment is

203 made later than thirty-six (36) months from the date the
204 assistance is received but not later than sixty (60) months from
205 the date the assistance is received. Amounts received as
206 repayments shall be deposited into the special fund created in
207 subsection (3) of this section. Notwithstanding the preceding
208 provisions of this paragraph, if the business receiving assistance
209 fails to meet certain financial performance levels established in
210 the contract between the business and the MTA and the contract
211 does not activate any repayment provisions, then the MTA will deem
212 the assistance provided to be a loss and the business receiving
213 assistance shall not be required to repay the assistance received.

214 (3) There is created in the State Treasury a special fund,
215 to be designated as the "Mississippi New Technology Business
216 Program-Level 1 Fund," which shall consist of funds appropriated
217 or otherwise made available by the Legislature. The fund shall be
218 maintained by the State Treasurer as a separate and special fund,
219 separate and apart from the General Fund of the state. Unexpended
220 amounts remaining in the fund at the end of a fiscal year shall
221 not lapse into the State General Fund, and any interest earned or
222 investment earnings on amounts in the fund shall be deposited into
223 such fund. Monies in the fund shall be disbursed, in the
224 discretion of the Mississippi Development Authority, to provide
225 funds to the MTA for the purposes described in this section, or
226 for the purposes described in Sections 1, 3, 4 and/or 5 of this
227 act if the MTA determines that the funds are not needed for the
228 purposes described in this section.

229 **SECTION 3.** (1) There is established under the direction of
230 the Mississippi Technology Alliance ("MTA") a program to be known
231 as the "Mississippi New Technology Business Program-Level 2" for
232 the purpose of making assistance available to provide working
233 capital to support the continued capitalization of technology
234 based businesses in Mississippi.

235 (2) (a) In order to be eligible for assistance under the
236 program, a business must: (i) have its principal place of
237 business based in Mississippi, and be a startup, seed stage or
238 early stage business, (ii) have rights to the intellectual
239 property supporting the venture opportunity for which assistance
240 is requested, (iii) have a business plan demonstrating economic
241 feasibility; (iv) have an accredited investor match, (v) have
242 formed or have agreed to form a collaborative agreement with a
243 Mississippi institution of higher learning, (vi) be invited by the
244 MTA to apply for assistance based upon an acceptable
245 commercialization strategy, and (vii) be willing to execute a
246 performance level based agreement with the MTA.

247 (b) Any business desiring to participate in the program
248 must submit an application to the MTA. The application must
249 contain a description of the purposes for which the assistance is
250 requested, the amount of assistance requested and any other
251 information requested by the MTA. If the MTA staff reviewing the
252 application determines that an application should be reviewed by
253 the Seed Fund Investment Board appointed by the MTA Board of
254 Directors, the application shall be forwarded to the Seed Fund
255 Investment Board. If the Seed Fund Investment Board approves the
256 application, the MTA shall negotiate a contract with the business
257 regarding any assistance provided to the business under the
258 program, the expenditure of the assistance provided to the
259 business, and any other matters to which the parties may agree.
260 Any such contract must provide for at least the following: (i)
261 that any assistance provided to the business will be on a
262 reimbursement basis in which the business will expend funds
263 according to the terms of the contract and submit invoices,
264 receipts and other applicable documentation and information to the
265 MTA for reimbursement; (ii) that no funds may be expended or used
266 for patent prosecution, reorganization of the business, or payment
267 of any existing debt of the business outstanding or otherwise

268 incurred at the time the contract is entered into; (iii) that no
269 funds may be expended to reimburse expenses for work conducted or
270 services provided by the business, a university or a third party
271 consultant if those expenses were incurred before the term of the
272 contract; (iv) that the business receiving assistance will retain
273 ownership of any technology developed by the business regardless
274 of whether the technology is developed before or after the receipt
275 of assistance; and (v) that the business will provide matching
276 funding of One Dollar (\$1.00) for every One Dollar (\$1.00) of
277 assistance, with at least fifty percent (50%) of the match being
278 from an accredited investor or strategic investment partner, as
279 determined by the MTA, and the remaining amount being from in-kind
280 services, all of which must be documented by time sheets, payroll
281 receipts, invoices and other documentation or information required
282 by the MTA. Assistance received by a business may be expended for
283 hiring third party consultants to assist the business and for
284 equipment. The amount of assistance that a business may receive
285 under the program shall not exceed One Hundred Thousand Dollars
286 (\$100,000.00) in any one (1) year and shall not exceed Two Hundred
287 Thousand Dollars (\$200,000.00) in the aggregate.

288 (c) Except as otherwise provided in this paragraph, a
289 business receiving assistance under the program shall be required
290 to repay the assistance in the manner provided in this paragraph.
291 Repayment shall be made through the use of a convertible note in
292 which the business will repay one hundred percent (100%) of the
293 amount of assistance received if such repayment is made within
294 thirty-six (36) months from the date the assistance is received,
295 with the amount to be repaid by the business increasing at a rate
296 determined by the parties in the contract up to an amount not to
297 exceed two hundred percent (200%) of the amount of assistance if
298 such repayment is made later than thirty-six (36) months from the
299 date the assistance is received but not later than sixty (60)
300 months from the date the assistance is received. The MTA shall

301 have the option of converting the amount of assistance awarded to
302 the business into common stock of the business or into a royalty
303 in the gross sales of the business. Amounts received as
304 repayments shall be deposited into the special fund created in
305 subsection (3) of this section. Notwithstanding the preceding
306 provisions of this paragraph, if the business receiving assistance
307 fails to meet certain financial performance levels established in
308 the contract between the business and the MTA and the contract
309 does not activate any repayment provisions, then the MTA will deem
310 the assistance provided to be a loss and the business receiving
311 assistance shall not be required to repay the assistance received.

312 (3) There is created in the State Treasury a special fund,
313 to be designated as the "Mississippi New Technology Business
314 Program-Level 2 Fund," which shall consist of funds appropriated
315 or otherwise made available by the Legislature. The fund shall be
316 maintained by the State Treasurer as a separate and special fund,
317 separate and apart from the General Fund of the state. Unexpended
318 amounts remaining in the fund at the end of a fiscal year shall
319 not lapse into the State General Fund, and any interest earned or
320 investment earnings on amounts in the fund shall be deposited into
321 such fund. Monies in the fund shall be disbursed, in the
322 discretion of the Mississippi Development Authority, to provide
323 funds to the MTA for the purposes described in this section,
324 or for the purposes described in Sections 1, 2, 4 and/or 5 of this
325 act if the MTA determines that the funds are not needed for the
326 purposes described in this section.

327 **SECTION 4.** (1) There is established under the direction of
328 the Mississippi Technology Alliance ("MTA") a program to be known
329 as the "Rural Innovation Program-Level 1" for the purpose of
330 making assistance available to provide working capital to support
331 the initial capitalization of technology based businesses in rural
332 Mississippi.

333 (2) (a) In order to be eligible for assistance under the
334 program, a business must: (i) have its principal place of
335 business based in a rural county in Mississippi, (ii) produce or
336 provide a product and/or service that is science or technology
337 related, (iii) have fewer than one hundred fifty (150) employees,
338 and (iv) have completed its product and/or service development
339 planning. For the purposes of this paragraph, a "rural county"
340 shall be a county designated as such by the MTA.

341 (b) Any business desiring to participate in the program
342 must submit an application to the MTA. The application must
343 contain a description of the purposes for which the assistance is
344 requested, the amount of assistance requested and any other
345 information requested by the MTA. If the MTA staff reviewing the
346 application determines that an application should be reviewed by
347 the Seed Fund Investment Board appointed by the MTA Board of
348 Directors, the application shall be forwarded to the Seed Fund
349 Investment Board. If the Seed Fund Investment Board approves the
350 application, the MTA shall negotiate a contract with the business
351 regarding any assistance provided to the business under the
352 program, the expenditure of the assistance provided to the
353 business, and any other matters to which the parties may agree.
354 Any such contract must provide for at least the following: (i)
355 that any assistance provided to the business will be on a
356 reimbursement basis in which the business will expend funds
357 according to the terms of the contract and submit invoices,
358 receipts and other applicable documentation and information to the
359 MTA for reimbursement; (ii) that no funds may be expended or used
360 for patent prosecution, reorganization of the business, or payment
361 of any existing debt of the business outstanding or otherwise
362 incurred at the time the contract is entered into; (iii) that no
363 funds may be expended to reimburse expenses for work conducted or
364 services provided by the business, a university or a third party
365 consultant if those expenses were incurred before the term of the

366 contract; (iv) that the business receiving assistance will retain
367 ownership of any technology developed by the business regardless
368 of whether the technology is developed before or after the receipt
369 of assistance; and (v) that the business will provide matching
370 funding of One Dollar (\$1.00) for every One Dollar (\$1.00) of
371 assistance, with at least twenty-five percent (25%) of the match
372 being in cash and the remaining amount being from in-kind
373 services, all of which must be documented by time sheets, payroll
374 receipts, invoices and other documentation or information required
375 by the MTA. Assistance received by a business may be expended for
376 hiring third party consultants to assist the business and for
377 equipment. The amount of assistance that a business may receive
378 under the program shall not exceed Ten Thousand Dollars
379 (\$10,000.00) and any award of assistance shall be made on a one
380 time basis.

381 (c) Except as otherwise provided in this paragraph, a
382 business receiving assistance under the program shall be required
383 to repay the assistance in the manner provided in this paragraph.
384 Repayment shall be made through the use of a nonrecourse loan in
385 which the business will repay the loan upon the successful
386 commercialization of the product or service. The business will
387 repay one hundred percent (100%) of the amount of assistance
388 received if such repayment is made within thirty-six (36) months
389 from the date the assistance is received, with the amount to be
390 repaid by the business increasing at a rate determined by the
391 parties in the contract up to an amount not to exceed two hundred
392 percent (200%) of the amount of assistance if such repayment is
393 made later than thirty-six (36) months from the date the
394 assistance is received but not later than sixty (60) months from
395 the date the assistance is received. Amounts received as
396 repayments shall be deposited into the special fund created in
397 subsection (3) of this section. Notwithstanding the preceding
398 provisions of this paragraph, if the business receiving assistance

399 fails to meet certain financial performance levels established in
400 the contract between the business and the MTA and the contract
401 does not activate any repayment provisions, then the MTA will deem
402 the assistance provided to be a loss and the business receiving
403 assistance shall not be required to repay the assistance received.

404 (3) There is created in the State Treasury a special fund,
405 to be designated as the "Rural Innovation Program-Level 1 Fund,"
406 which shall consist of funds appropriated or otherwise made
407 available by the Legislature. The fund shall be maintained by the
408 State Treasurer as a separate and special fund, separate and apart
409 from the General Fund of the state. Unexpended amounts remaining
410 in the fund at the end of a fiscal year shall not lapse into the
411 State General Fund, and any interest earned or investment earnings
412 on amounts in the fund shall be deposited into such fund. Monies
413 in the fund shall be disbursed, in the discretion of the
414 Mississippi Development Authority, to provide funds to the MTA for
415 the purposes described in this section, or for the purposes
416 described in Sections 1, 2, 3 and/or 5 of this act if the MTA
417 determines that the funds are not needed for the purposes
418 described in this section.

419 **SECTION 5.** (1) There is established under the direction of
420 the Mississippi Technology Alliance ("MTA") a program to be known
421 as the "Rural Innovation Program-Level 2" for the purpose of
422 making assistance available to provide working capital to support
423 the continued capitalization of technology based businesses in
424 rural Mississippi.

425 (2) (a) In order to be eligible for assistance under the
426 program, a business must: (i) have its principal place of
427 business based in a rural county in Mississippi, (ii) produce or
428 provide a product and/or service that is science or technology
429 related, (iii) have fewer than one hundred fifty (150) employees,
430 and (iv) have completed its product and/or service development

431 planning. For the purposes of this paragraph, a "rural county"
432 shall be a county designated as such by the MTA.

433 (b) Any business desiring to participate in the program
434 must submit an application to the MTA. The application must
435 contain a description of the purposes for which the assistance is
436 requested, the amount of assistance requested and any other
437 information requested by the MTA. If the MTA staff reviewing the
438 application determines that an application should be reviewed by
439 the Seed Fund Investment Board appointed by the MTA Board of
440 Directors, the application shall be forwarded to the Seed Fund
441 Investment Board. If the Seed Fund Investment Board approves the
442 application, the MTA shall negotiate a contract with the business
443 regarding any assistance provided to the business under the
444 program, the expenditure of the assistance provided to the
445 business, and any other matters to which the parties may agree.
446 Any such contract must provide for at least the following: (i)
447 that any assistance provided to the business will be on a
448 reimbursement basis in which the business will expend funds
449 according to the terms of the contract and submit invoices,
450 receipts and other applicable documentation and information to the
451 MTA for reimbursement; (ii) that no funds may be expended or used
452 for patent prosecution, reorganization of the business, or payment
453 of any existing debt of the business outstanding or otherwise
454 incurred at the time the contract is entered into; (iii) that no
455 funds may be expended to reimburse expenses for work conducted or
456 services provided by the business, a university or a third party
457 consultant if those expenses were incurred before the term of the
458 contract; (iv) that the business receiving assistance will retain
459 ownership of any technology developed by the business regardless
460 of whether the technology is developed before or after the receipt
461 of assistance; and (v) that the business will provide matching
462 funding of One Dollar (\$1.00) for every One Dollar (\$1.00) of
463 assistance, with at least fifty percent (50%) of the match being

464 from an accredited investor or strategic investment partner, as
465 determined by the MTA, and the remaining amount being from in-kind
466 services, all of which must be documented by time sheets, payroll
467 receipts, invoices and other documentation or information required
468 by the MTA. Assistance received by a business may be expended for
469 hiring third party consultants to assist the business and for
470 equipment. The amount of assistance that a business may receive
471 under the program shall not exceed One Hundred Thousand Dollars
472 (\$100,000.00) in any one (1) year and shall not exceed Two Hundred
473 Thousand Dollars (\$200,000.00) in the aggregate.

474 (c) Except as otherwise provided in this paragraph, a
475 business receiving assistance under the program shall be required
476 to repay the assistance in the manner provided in this paragraph.
477 Repayment shall be made through the use of a convertible note in
478 which the business will repay one hundred percent (100%) of the
479 amount of assistance received if such repayment is made within
480 thirty-six (36) months from the date the assistance is received,
481 with the amount to be repaid by the business increasing at a rate
482 determined by the parties in the contract up to an amount not to
483 exceed two hundred percent (200%) of the amount of assistance if
484 such repayment is made later than thirty-six (36) months from the
485 date the assistance is received but not later than sixty (60)
486 months from the date the assistance is received. The MTA shall
487 have the option of converting the amount of assistance awarded to
488 the business into common stock of the business or into a royalty
489 in the gross sales of the business. Amounts received as
490 repayments shall be deposited into the special fund created in
491 subsection (3) of this section. Notwithstanding the preceding
492 provisions of this paragraph, if the business receiving assistance
493 fails to meet certain financial performance levels established in
494 the contract between the business and the MTA and the contract
495 does not activate any repayment provisions, then the MTA will deem

496 the assistance provided to be a loss and the business receiving
497 assistance shall not be required to repay the assistance received.

498 (3) There is created in the State Treasury a special fund,
499 to be designated as the "Rural Innovation Program-Level 2 Fund,"
500 which shall consist of funds appropriated or otherwise made
501 available by the Legislature. The fund shall be maintained by the
502 State Treasurer as a separate and special fund, separate and apart
503 from the General Fund of the state. Unexpended amounts remaining
504 in the fund at the end of a fiscal year shall not lapse into the
505 State General Fund, and any interest earned or investment earnings
506 on amounts in the fund shall be deposited into such fund. Monies
507 in the fund shall be disbursed, in the discretion of the
508 Mississippi Development Authority, to provide funds to the MTA for
509 the purposes described in this section, or for the purposes
510 described in Sections 1, 2, 3 and/or 4 of this act if the MTA
511 determines that the funds are not needed for the purposes
512 described in this section.

513 **SECTION 6.** There is created in the State Treasury a special
514 fund, to be designated as the "Mississippi Technology Alliance
515 Administration Fund," which shall consist of funds appropriated or
516 otherwise made available by the Legislature. The fund shall be
517 maintained by the State Treasurer as a separate and special fund,
518 separate and apart from the General Fund of the state. Unexpended
519 amounts remaining in the fund at the end of a fiscal year shall
520 not lapse into the State General Fund, and any interest earned or
521 investment earnings on amounts in the fund shall be deposited into
522 such fund. Monies in the fund shall be disbursed, in the
523 discretion of the Mississippi Development Authority, to provide
524 funds to defray the costs incurred by the Mississippi Technology
525 Alliance in the implementation and administration of the programs
526 created in Sections 1 through 5 of this act.

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

530 (a) "Accreted value" of any bonds means, as of any date
531 of computation, an amount equal to the sum of (i) the stated
532 initial value of such bond, plus (ii) the interest accrued thereon
533 from the issue date to the date of computation at the rate,
534 compounded semiannually, that is necessary to produce the
535 approximate yield to maturity shown for bonds of the same
536 maturity.

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

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

539 **SECTION 8.** (1) The commission, at one time, or from time to
540 time, may declare by resolution the necessity for issuance of
541 general obligation bonds of the State of Mississippi to provide
542 funds for the programs authorized in Sections 1, 2, 3, 4 and 5 of
543 this act. Upon the adoption of a resolution by the Mississippi
544 Development Authority, declaring the necessity for the issuance of
545 any part or all of the general obligation bonds authorized by this
546 section, the Mississippi Development Authority shall deliver a
547 certified copy of its resolution or resolutions to the commission.
548 Upon receipt of such resolution, the commission, in its
549 discretion, may act as the issuing agent, prescribe the form of
550 the bonds, advertise for and accept bids, issue and sell the bonds
551 so authorized to be sold and do any and all other things necessary
552 and advisable in connection with the issuance and sale of such
553 bonds. The total amount of bonds issued under Sections 7 through
554 22 of this act shall not exceed Four Million Dollars
555 (\$4,000,000.00).

556 (2) (a) The proceeds of bonds issued pursuant to Sections 7
557 through 22 of this act shall be deposited into the following
558 special funds in not more than the following amounts:

559 (i) The Research and Development Program Fund
560 created in Section 1 of this act..... \$1,200,000.00.
561 (ii) The Mississippi New Technology Business
562 Program-Level 1 Fund created pursuant to Section 2 of this
563 act..... \$ 216,000.00.
564 (iii) The Mississippi New Technology Business
565 Program-Level 2 Fund created pursuant to Section 3 of this
566 act..... \$1,944,000.00.
567 (iv) The Rural Innovation Program-Level 1 Fund
568 created pursuant to Section 4 of this act..... \$ 24,000.00.
569 (v) The Rural Innovation Program-Level 2 Fund
570 created pursuant to Section 5 of this act..... \$ 216,000.00.
571 (vi) The Mississippi Technology Alliance
572 Administration Fund created in Section 6 of this
573 act..... \$ 400,000.00.
574 (b) Any investment earnings on bonds issued pursuant to
575 Sections 7 through 20 of this act shall be used to pay debt
576 service on bonds issued under this act, in accordance with the
577 proceedings authorizing issuance of such bonds.

578 **SECTION 9.** The principal of and interest on the bonds
579 authorized under Sections 7 through 22 of this act shall be
580 payable in the manner provided in this section. Such bonds shall
581 bear such date or dates, be in such denomination or denominations,
582 bear interest at such rate or rates (not to exceed the limits set
583 forth in Section 75-17-101, Mississippi Code of 1972), be payable
584 at such place or places within or without the State of
585 Mississippi, shall mature absolutely at such time or times not to
586 exceed twenty-five (25) years from date of issue, be redeemable
587 before maturity at such time or times and upon such terms, with or
588 without premium, shall bear such registration privileges, and
589 shall be substantially in such form, all as shall be determined by
590 resolution of the commission.

591 **SECTION 10.** The bonds authorized by Sections 7 through 22 of
592 this act shall be signed by the chairman of the commission, or by
593 his facsimile signature, and the official seal of the commission
594 shall be affixed thereto, attested by the secretary of the
595 commission. The interest coupons, if any, to be attached to such
596 bonds may be executed by the facsimile signatures of such
597 officers. Whenever any such bonds shall have been signed by the
598 officials designated to sign the bonds who were in office at the
599 time of such signing but who may have ceased to be such officers
600 before the sale and delivery of such bonds, or who may not have
601 been in office on the date such bonds may bear, the signatures of
602 such officers upon such bonds and coupons shall nevertheless be
603 valid and sufficient for all purposes and have the same effect as
604 if the person so officially signing such bonds had remained in
605 office until their delivery to the purchaser, or had been in
606 office on the date such bonds may bear. However, notwithstanding
607 anything herein to the contrary, such bonds may be issued as
608 provided in the Registered Bond Act of the State of Mississippi.

609 **SECTION 11.** All bonds and interest coupons issued under the
610 provisions of Sections 7 through 22 of this act have all the
611 qualities and incidents of negotiable instruments under the
612 provisions of the Uniform Commercial Code, and in exercising the
613 powers granted by Sections 7 through 22 of this act, the
614 commission shall not be required to and need not comply with the
615 provisions of the Uniform Commercial Code.

616 **SECTION 12.** The commission shall act as the issuing agent
617 for the bonds authorized under Sections 7 through 22 of this act,
618 prescribe the form of the bonds, advertise for and accept bids,
619 issue and sell the bonds so authorized to be sold, pay all fees
620 and costs incurred in such issuance and sale, and do any and all
621 other things necessary and advisable in connection with the
622 issuance and sale of such bonds. The commission is authorized and
623 empowered to pay the costs that are incident to the sale, issuance

624 and delivery of the bonds authorized under Sections 7 through 22
625 of this act from the proceeds derived from the sale of such bonds.
626 The commission shall sell such bonds on sealed bids at public
627 sale, and for such price as it may determine to be for the best
628 interest of the State of Mississippi, but no such sale shall be
629 made at a price less than par plus accrued interest to the date of
630 delivery of the bonds to the purchaser. All interest accruing on
631 such bonds so issued shall be payable semiannually or annually;
632 however, the first interest payment may be for any period of not
633 more than one (1) year.

634 Notice of the sale of any such bonds shall be published at
635 least one time, not less than ten (10) days before the date of
636 sale, and shall be so published in one or more newspapers
637 published or having a general circulation in the City of Jackson,
638 Mississippi, and in one or more other newspapers or financial
639 journals with a national circulation, to be selected by the
640 commission.

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

646 **SECTION 13.** The bonds issued under the provisions of
647 Sections 7 through 22 of this act are general obligations of the
648 State of Mississippi, and for the payment thereof the full faith
649 and credit of the State of Mississippi is irrevocably pledged. If
650 the funds appropriated by the Legislature are insufficient to pay
651 the principal of and the interest on such bonds as they become
652 due, then the deficiency shall be paid by the State Treasurer from
653 any funds in the State Treasury not otherwise appropriated. All
654 such bonds shall contain recitals on their faces substantially
655 covering the provisions of this section.

656 **SECTION 14.** Upon the issuance and sale of bonds under the
657 provisions of Sections 7 through 22 of this act, the commission
658 shall transfer the proceeds of any such sale or sales to the
659 special funds created in Sections 1, 2, 3, 4, 5 and 6 of this act
660 in the amounts provided for in Section 8(2) of this act. The
661 proceeds of such bonds shall be disbursed as provided for in
662 Sections 1, 2, 3, 4, 5 and 6 of this act under such restrictions,
663 if any, as may be contained in the resolution providing for the
664 issuance of the bonds.

665 **SECTION 15.** The bonds authorized under Sections 7 through 22
666 of this act may be issued without any other proceedings or the
667 happening of any other conditions or things other than those
668 proceedings, conditions and things which are specified or required
669 by Sections 7 through 22 of this act. Any resolution providing
670 for the issuance of bonds under the provisions of Sections 7
671 through 22 of this act shall become effective immediately upon its
672 adoption by the commission, and any such resolution may be adopted
673 at any regular or special meeting of the commission by a majority
674 of its members.

675 **SECTION 16.** The bonds authorized under the authority of
676 Sections 7 through 22 of this act may be validated in the Chancery
677 Court of the First Judicial District of Hinds County, Mississippi,
678 in the manner and with the force and effect provided by Chapter
679 13, Title 31, Mississippi Code of 1972, for the validation of
680 county, municipal, school district and other bonds. The notice to
681 taxpayers required by such statutes shall be published in a
682 newspaper published or having a general circulation in the City of
683 Jackson, Mississippi.

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

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

693 **SECTION 18.** All bonds issued under the provisions of
694 Sections 7 through 22 of this act shall be legal investments for
695 trustees and other fiduciaries, and for savings banks, trust
696 companies and insurance companies organized under the laws of the
697 State of Mississippi, and such bonds shall be legal securities
698 which may be deposited with and shall be received by all public
699 officers and bodies of this state and all municipalities and
700 political subdivisions for the purpose of securing the deposit of
701 public funds.

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

705 **SECTION 20.** The proceeds of the bonds issued under Sections
706 7 through 22 of this act shall be used solely for the purposes
707 therein provided, including the costs incident to the issuance and
708 sale of such bonds.

709 **SECTION 21.** The State Treasurer is authorized, without
710 further process of law, to certify to the Department of Finance
711 and Administration the necessity for warrants, and the Department
712 of Finance and Administration is authorized and directed to issue
713 such warrants, in such amounts as may be necessary to pay when due
714 the principal of, premium, if any, and interest on, or the
715 accreted value of, all bonds issued under Sections 7 through 22 of
716 this act; and the State Treasurer shall forward the necessary
717 amount to the designated place or places of payment of such bonds
718 in ample time to discharge such bonds, or the interest thereon, on
719 the due dates thereof.

720 **SECTION 22.** Sections 7 through 22 of this act shall be
721 deemed to be full and complete authority for the exercise of the

722 powers therein granted, but Sections 7 through 22 of this act
723 shall not be deemed to repeal or to be in derogation of any
724 existing law of this state.

725 **SECTION 23.** This act shall take effect and be in force from
726 and after July 1, 2007.