

By: Representatives Turner, Jackson,
Faulkner, Hulum, Sanders

To: Banking and Financial
Services; Appropriations

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 882

1 AN ACT TO ESTABLISH THE RENAISSANCE ASSISTANCE PROGRAM TO
2 INITIATE DEVELOPMENT TO PROVIDE FINANCING FOR THE STARTUP OR
3 EXPANSION OF SMALL BUSINESSES, IN CONJUNCTION WITH TRADITIONAL
4 COMMERCIAL BANK LENDING; TO CREATE A SPECIAL FUND TO BE KNOWN AS
5 THE RENAISSANCE ASSISTANCE PROGRAM TO INITIATE DEVELOPMENT
6 REVOLVING LOAN FUND, WHICH SHALL BE ADMINISTERED BY A QUALIFIED
7 NONDEPOSITORY, NONPROFIT COMMUNITY DEVELOPMENT FINANCIAL
8 INSTITUTION DOMICILED IN THE STATE OF MISSISSIPPI, UNDER THE
9 OVERSIGHT OF THE DEPARTMENT OF FINANCE AND ADMINISTRATION, AND
10 EXPENDED FOR THE PURPOSE OF PROVIDING LOANS TO SMALL BUSINESSES
11 UNDER THE PROVISIONS OF THIS ACT; TO PROVIDE THAT THE DEPARTMENT
12 SHALL DETERMINE THE TERMS AND CONDITIONS OF THE LOANS AND SPECIFY
13 CERTAIN REQUIREMENTS FOR THE LOANS; AND FOR RELATED PURPOSES.

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

15 **SECTION 1.** (1) As used in this act, the following terms
16 have the meanings as defined in this section, unless the context
17 clearly indicates otherwise:

18 (a) "Department" means the Mississippi Department of
19 Finance and Administration; and

20 (b) "Fund" means the Renaissance Assistance Program to
21 Initiate Development (RAPID) Revolving Loan Fund.

22 (2) The Renaissance Assistance Program to Initiate
23 Development (RAPID) is established to provide financing for the



24 startup or expansion of a small business, in conjunction with
25 traditional commercial bank lending.

26 (3) (a) There is created in the State Treasury a special
27 fund to be known as the Renaissance Assistance Program to Initiate
28 Development (RAPID) Revolving Loan Fund, which shall be
29 administered by a qualified nondepository, nonprofit community
30 development financial institution (CDFI) domiciled in the State of
31 Mississippi under the oversight of the department.

32 The fund shall consist of legislative appropriations, federal
33 funds, contributions, donations, gifts and monies from any other
34 source that are made available for deposit into the fund. Monies
35 in the fund shall be expended by the department upon appropriation
36 of the Legislature for the sole purpose of providing loans to
37 small businesses under the provisions of this section. Monies
38 remaining in the fund at the end of a fiscal year shall not lapse
39 into the State General Fund, and any interest earned from the
40 investment of monies in the fund shall be deposited to the credit
41 of the fund.

42 (b) The State Fiscal Officer shall transfer from the
43 Capital Expense Fund to the Renaissance Assistance Program to
44 Initiate Development Revolving Loan Fund, as created in subsection
45 (3) (a) of this section, the sum of Ten Million Dollars
46 (\$10,000,000.00) during fiscal year 2024.

47 (4) The proceeds of such loans authorized under this act
48 shall be used by small businesses only for the following purposes:



- 49 (a) Permanent working capital;
- 50 (b) Building purchases;
- 51 (c) Land acquisition and construction;
- 52 (d) Facility expansion;
- 53 (e) Machinery and equipment purchases;
- 54 (f) Leasehold improvements;
- 55 (g) Closing costs;
- 56 (h) Business acquisitions.

57 (5) The department shall determine the terms and conditions
58 of each loan, including the repayment of the loan, which shall be
59 subject to the following provisions:

60 (a) To be eligible, a small business must meet the
61 Small Business Administration (SBA) guidelines for small
62 businesses;

63 (b) The borrower must be qualified as a small business
64 based on SBA standards;

65 (c) The primary bank must provide not less than fifty
66 percent (50%) of the total financing to the small business;

67 (d) The maximum RAPID loan amount shall be not more
68 than fifty percent (50%) of the primary loan to the small
69 business;

70 (e) At least one (1) job must be created or retained
71 for every Twenty-five Thousand Dollars (\$25,000.00) in RAPID
72 funding;



73 (f) A small business may obtain only one (1) RAPID
74 loan;

75 (g) If such deal involves real estate, no less than
76 fifty-one percent (51%) of such real estate shall be occupied by
77 the small business;

78 (h) The RAPID loan shall require no collateral, and
79 shall require only a personal guarantee from the borrower;

80 (i) Repayments of such loan shall be collected by
81 member institutions, including, but not limited to, a bank, credit
82 union, or planning and development district;

83 (j) A small business shall not be penalized for
84 prepayment of a RAPID loan.

85 (6) The program administrator shall offer technical
86 assistance to all RAPID loan borrowers, and shall manage not less
87 than sixty percent (60%) of the portfolio to meet CDFI
88 requirements.

89 (7) At the time of enactment of the RAPID program, the
90 administrator shall receive a five percent (5%) administration fee
91 or grant, and a three percent (3%) technical assistance grant to
92 provide business coaching to all RAPID loan borrowers.

93 (8) Beginning in the third year, three percent (3%) of the
94 interest on the loan from the borrower's repayments shall be
95 disbursed as follows:

96 (a) One and one-half percent (1.5%) to be reinvested
97 into the revolving loan fund; and



98 (b) One and one-half percent (1.5%) to be reinvested
99 into the RCLF technical assistance account.

100 **SECTION 2.** This act shall take effect and be in force from
101 and after July 1, 2023.

