

By: Senator(s) Sparks

To: Business and Financial
Institutions; Appropriations

SENATE BILL NO. 2525

1 AN ACT TO CREATE THE MISSISSIPPI SMALL BUSINESS ASSISTANCE
2 PROGRAM AND FUND TO PROVIDE ADDITIONAL FINANCING FOR THE STARTUP
3 OR EXPANSION OF SMALL BUSINESSES; TO DEFINE RELEVANT TERMS; TO
4 AUTHORIZE WHAT EXPENSES LOAN FUNDS MAY BE USED TO COVER; TO
5 PROVIDE THE LOAN ADMINISTRATOR WITH THE AUTHORITY TO DETERMINE THE
6 ELIGIBILITY AND TERMS OF THE LOAN; TO PROVIDE LIMITATIONS
7 REGARDING THE TERMS AND AMOUNT OF LOANS A SMALL BUSINESS MAY
8 RECEIVE; TO PROVIDE TERMS OF REPAYMENT AND HOW INTEREST MUST BE
9 DISTRIBUTED; TO PROVIDE A LIMIT TO THE CLOSING FEE THAT MAY BE
10 CHARGED BY THE PROGRAM ADMINISTRATOR; AND FOR RELATED PURPOSES.

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

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

15 (a) "Department" means the Mississippi Department of
16 Finance and Administration; and

17 (b) "Fund" means the Mississippi Small Business
18 Assistance Revolving Loan Fund.

19 (2) The Mississippi Small Business Assistance Program is
20 hereby established to provide financing for the startup or
21 expansion of a small business, in conjunction with traditional
22 commercial lending.



23 (3) (a) There is created in the State Treasury a special
24 fund to be known as the Mississippi Small Business Assistance
25 Revolving Loan Fund, which shall be administered by a qualified
26 non-depository, nonprofit community development financial
27 institution (CDFI) domiciled in the State of Mississippi under the
28 oversight of the department.

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

39 (b) The State Fiscal Officer shall transfer from the
40 Capital Expense Fund to the Mississippi Small Business Assistance
41 Revolving Loan Fund, as created in subsection (3) (a) of this
42 section, the sum of Ten Million Dollars (\$10,000,000.00) during
43 fiscal year 2025.

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

46 (a) Permanent working capital;

47 (b) Building purchases;



- 48 (c) Land acquisition and construction;
- 49 (d) Facility expansion;
- 50 (e) Machinery and equipment purchases;
- 51 (f) Leasehold improvements;
- 52 (g) Closing costs; and
- 53 (h) Business acquisitions.

54 (5) The program administrator shall determine the terms and
55 conditions of each loan, including the repayment of the loan,
56 which shall be subject to the following provisions:

57 (a) To be eligible, a small business must meet the
58 Small Business Administration (SBA) guidelines for small
59 businesses;

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

62 (c) The primary lending institution, which may consist
63 of banks or planning & development districts, must provide not
64 less than fifty percent (50%) of the total financing to the small
65 business from any source available to the primary lending
66 institution.

67 (d) The maximum Mississippi Small Business Assistance
68 Revolving Fund loan amount shall be not more than fifty percent
69 (50%) of the total financing to the small business;

70 (e) At least one (1) job must be created or retained
71 for every Twenty-five Thousand Dollars (\$25,000.00) in Mississippi
72 Small Business Assistance Revolving Fund loan funding;



73 (f) A small business may have no more than one (1) loan
74 from the Mississippi Small Business Assistance Revolving Loan Fund
75 program at any given time; the program administrator shall make
76 reasonable efforts to ensure that no business obtains more than
77 one (1) such loan at any time, including through the use of
78 affiliated entities;

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

82 (h) The Mississippi Small Business Assistance Revolving
83 Loan Fund program administrator shall require a personal guarantee
84 from the borrower. Nothing in this section shall be construed to
85 give the program administrator preference or priority to
86 collateral over the primary lending institution;

87 (i) Repayments of such loan shall be collected by the
88 program administrator; and

89 (j) A small business shall not be penalized for
90 prepayment of a Mississippi Small Business Assistance Revolving
91 Loan Fund loan.

92 (6) The program administrator shall offer technical
93 assistance to all loan borrowers, and shall manage not less than
94 sixty percent (60%) of the portfolio to meet CDFI requirements.

95 (7) The department shall select the program administrator
96 through an open and competitive process and is authorized to enter



97 into a contract with the program administrator for a term of ten
98 (10) years.

99 (8) When the department selects the administrator, the
100 administrator shall receive a one-time grant of Five Hundred
101 Thousand Dollars (\$500,000.00) to fund technical assistance and
102 other borrower support by the administrator.

103 (9) Loans under this program shall be for a ten (10) year
104 term. There shall be no payments due in the first six (6) months
105 of a Mississippi Small Business Assistance Revolving Loan Fund
106 loan and only interest payments shall be due in the second six (6)
107 months. The administrator shall set the rate of interest for the
108 loans at a competitive interest rate based on market conditions
109 and program sustainability. The program administrator, with the
110 approval of the department, may make adjustments to the terms of
111 the loans and the payment schedule listed above to respond to
112 market conditions and economic necessities. Any interest
113 collected shall be divided as follows:

114 (a) Twenty-five percent (25%) of any interest shall be
115 reinvested into the revolving loan fund;

116 (b) Twenty-five percent (25%) of any interest shall be
117 placed in a technical assistance fund under the direction of the
118 program administrator; and

119 (c) Fifty percent (50%) of any interest shall be
120 retained by the program administrator.



121 (10) The program administrator may charge borrowers a
122 closing fee, but it shall not exceed the market-rate closing fee
123 for similar borrowings.

124 **SECTION 2.** This act shall take effect and be in force from
125 and after July 1, 2024.

