

By: Representative Morris

To: Ways and Means

HOUSE BILL NO. 1482

1 AN ACT TO AMEND SECTION 57-10-511, MISSISSIPPI CODE OF 1972,
 2 TO PROVIDE THAT IF THE MISSISSIPPI DEVELOPMENT AUTHORITY FINDS
 3 THAT A PLANNING AND DEVELOPMENT DISTRICT OR A QUALIFIED ENTITY
 4 ADMINISTERING A REVOLVING LOAN PROGRAM UNDER THE MISSISSIPPI SMALL
 5 BUSINESS ASSISTANCE ACT IS NOT ACTIVELY ENGAGED IN LENDING, SUCH
 6 DISTRICT OR ENTITY MAY BE FOUND TO BE IN DEFAULT AND BE REQUIRED
 7 TO CEASE PROVIDING ASSISTANCE, REFUND ALL FUNDS HELD IN ITS
 8 REVOLVING ASSISTANCE FUND AND, IF REQUIRED BY THE MISSISSIPPI
 9 DEVELOPMENT AUTHORITY, CONVEY TO THE MISSISSIPPI DEVELOPMENT
 10 AUTHORITY ALL ADMINISTRATIVE AND MANAGEMENT CONTROL OF ASSISTANCE
 11 UNDER THE PROGRAM; TO AMEND SECTION 57-10-505, MISSISSIPPI CODE OF
 12 1972, TO REFLECT THE CHANGE OF THE NAME OF THE DEPARTMENT OF
 13 ECONOMIC AND COMMUNITY DEVELOPMENT TO THE MISSISSIPPI DEVELOPMENT
 14 AUTHORITY; AND FOR RELATED PURPOSES.

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

16 SECTION 1. Section 57-10-511, Mississippi Code of 1972, is
 17 amended as follows:

18 57-10-511. MDA shall grant funds under this article to a
 19 planning and development district or qualified entity in
 20 accordance with the following terms and conditions:

21 (a) Grant funds received by a planning and development
 22 district or qualified entity in accordance with this article shall
 23 be used by the planning and development district or qualified
 24 entity to establish a revolving assistance fund for the purpose of
 25 providing assistance to small businesses in accordance with this
 26 article. Except as otherwise allowed in this article, all
 27 principal and interest payments by small businesses in repayment
 28 of such assistance shall be eligible for and used by the planning
 29 and development district or qualified entity for additional
 30 assistance to small businesses in accordance with this article.

31 (b) Each planning and development district meeting the
 32 criteria set forth in this article shall receive an initial grant
 33 of not to exceed One Million Dollars (\$1,000,000.00) for the



34 purpose of establishing the program within its area in accordance
35 with this article. Each qualified entity meeting the criteria set
36 forth in this article shall be eligible to receive an initial
37 grant of Five Hundred Thousand Dollars (\$500,000.00) for the
38 purpose of establishing the program within the area it serves in
39 accordance with this article. The total amount of initial grants
40 to planning and development districts shall not exceed Ten Million
41 Dollars (\$10,000,000.00) and the total amount of initial grants
42 for qualified entities shall not exceed Two Million Dollars
43 (\$2,000,000.00). Each planning and development district or
44 qualified entity receiving an initial grant shall have twelve (12)
45 months in which to make binding commitments to provide assistance
46 to small businesses in the principal amount of the initial grant
47 in accordance with this article. Grant funds not committed to
48 provide assistance to small businesses at the end of twelve (12)
49 months after receipt thereof by the planning and development
50 district or qualified entity shall be returned to MDA for
51 placement in a pool to be redistributed by MDA to planning and
52 development districts or qualified entities which have binding
53 commitments to distribute as assistance all their initial grant
54 funds and have pending applications for additional assistance in
55 accordance with this article. Any planning and development
56 district or qualified entity returning any such grant funds to MDA
57 shall be required at the time such initial grant funds are
58 returned to deliver to the State Treasury, for deposit in the
59 General Fund, interest on the amount of such returned funds at the
60 same rate as any bonds or notes of the State of Mississippi issued
61 pursuant to this article to provide such grant funds.

62 (c) After all of the initial grant funds have been
63 provided as assistance to small businesses in accordance with this
64 article, MDA shall distribute additional grant funds to each
65 planning and development district or qualified entity qualified
66 under this article to receive and requesting such funds in



67 whatever amounts MDA deems appropriate and when needed by such
68 planning and development districts or qualified entities to
69 provide additional assistance to small businesses in accordance
70 with this article. The schedule for distributing such funds shall
71 be determined by MDA. Funds distributed to planning and
72 development districts and qualified entities pursuant to this
73 paragraph shall be in addition to funds distributed to planning
74 and development districts and qualified entities pursuant to
75 paragraph (b) of this section. The total amount of grants issued
76 pursuant to this paragraph shall not exceed Twenty Million Dollars
77 (\$20,000,000.00) for planning and development districts or
78 qualified entities. Grant funds not committed to provide
79 assistance to small businesses at the end of twelve (12) months
80 after receipt thereof by the planning and development district or
81 qualified entity shall be returned to MDA for placement in a pool
82 to be redistributed by MDA to planning and development districts
83 or qualified entities which have binding commitments to distribute
84 as assistance all their initial grant funds and have pending
85 applications for additional assistance in accordance with this
86 article. Any planning and development district or qualified
87 entity returning any such grant funds to MDA shall be required at
88 the time such grant funds are returned to deliver to the State
89 Treasury, for deposit in the General Fund, interest on the amount
90 of such returned funds at the same rate as any bonds or notes of
91 the State of Mississippi issued pursuant to this article to
92 provide such grant funds.

93 (d) A planning and development district or qualified
94 entity participating in the program may utilize not more than
95 fifty percent (50%) of interest earned on assistance provided to
96 small businesses in accordance with this article for
97 administration and management of the program, unless specifically
98 authorized to utilize more by MDA; provided, however, any interest
99 earned on grant funds held by a planning and development district



100 or qualified entity prior to the utilization of such grant funds
101 to provide assistance to small businesses shall be placed in the
102 revolving assistance fund of the planning and development district
103 or qualified entity and shall not be expended for administration
104 or management costs. Planning and development districts and
105 qualified entities may retain fifty percent (50%) of the interest
106 earned on repayment funds that are being held on deposit in
107 anticipation of relending to aid in the administration and
108 management of the program. Each planning and development district
109 and qualified entity shall file annually with the Secretary of the
110 Senate and the Clerk of the House of Representatives not later
111 than the first day of each regular legislative session a report
112 which details any interest retained or utilized by the planning
113 and development district or qualified entity pursuant to this
114 paragraph (d).

115 (e) If a planning and development district or qualified
116 entity participating in the program experiences losses from
117 assistance provided pursuant to the program in excess of fifty
118 percent (50%) of the amount of grant funds received by the
119 planning and development district or qualified entity, the
120 planning and development district or qualified entity shall repay
121 the State of Mississippi the amount of such losses in excess of
122 fifty percent (50%) by delivering that amount to the State
123 Treasury for deposit in the General Fund.

124 (f) MDA shall assist each planning and development
125 district or qualified entity participating in the program in
126 connection with such planning and development district's or
127 qualified entity's compliance with this article.

128 (g) Each planning and development district or qualified
129 entity participating in the program shall submit the following
130 reports to the House Ways and Means Committee, the Senate Economic
131 Development, Tourism and Parks Committee and MDA:



132 (i) An annual audit of grant funds received in
133 connection with the program; and

134 (ii) A semiannual report on July 30 and January 30
135 of each year, describing all assistance provided to small
136 businesses pursuant to the program, such reports to include
137 without limitation the following: a description of each small
138 business receiving assistance; the project to be assisted and
139 purpose of assistance; a description of each loan and equity
140 investment, including the terms and conditions thereof and use of
141 the funds assistance by the small business; history of the
142 assistance pool, including principal amount loaned, interest
143 earned, interest expended for administration and management,
144 principal amount of equity investments, assistance funds
145 available, and losses; and a statement of jobs created or retained
146 as a result of the assistance program.

147 (h) If MDA determines that a district or entity has
148 provided assistance to small businesses in a manner inconsistent
149 with the provisions of this article, then the amount of such
150 assistance so provided shall be withheld by MDA from any
151 additional grant funds to which the district or entity becomes
152 entitled under this article. If MDA determines, after notifying
153 such district or entity twice in writing and providing such
154 district or entity a reasonable opportunity to comply, that a
155 planning and development district or qualified entity has
156 consistently failed to comply with this article in connection with
157 the program, MDA may declare such planning and development
158 district or qualified entity in default under the program and,
159 upon receipt of notice thereof from MDA, such planning and
160 development district or qualified entity shall immediately cease
161 providing assistance under the program, shall refund to MDA for
162 distribution to other planning and development districts or
163 qualified entities all funds held in its revolving assistance fund
164 and, if required by MDA, shall convey to MDA all administrative



165 and management control of assistance provided by it under the
166 program.

167 (i) If MDA determines, after notifying a planning and
168 development district or qualified entity twice in writing and
169 providing such district or entity a reasonable opportunity to take
170 corrective action, that a planning and development district or a
171 qualified entity administering a revolving assistance fund under
172 the provisions of this article is not actively engaged in lending
173 as defined by the rules and regulations of MDA, MDA may declare
174 such planning and development district or qualified entity in
175 default under the program and, upon receipt of notice thereof from
176 MDA, such planning and development district or qualified entity
177 shall immediately cease providing assistance under the program,
178 shall refund to MDA for distribution to other planning and
179 development districts or qualified entities all funds held in its
180 revolving assistance fund and, if required by MDA, shall convey to
181 MDA all administrative and management control of assistance
182 provided by it under the program.

183 SECTION 2. Section 57-10-505, Mississippi Code of 1972, is
184 amended as follows:

185 57-10-505. The following words and phrases when used in this
186 article shall have the meaning given to them in this section
187 unless the context clearly indicates otherwise:

188 (a) "Assistance" means a loan to a small business or an
189 equity investment in a small business by a planning and
190 development district in accordance with this article.

191 (b) "DECD" means the Mississippi Development Authority.

192 (c) "Equity investment" means an investment in the
193 ownership of a small business incorporated in Mississippi by a
194 planning and development district in accordance with this act.

195 (d) "General Fund" means the General Fund of the State
196 of Mississippi.



197 (e) "Loan" means a loan by a planning and development
198 district to a small business in accordance with this act.

199 (f) "MDA" means the Mississippi Development Authority.

200 (g) "Planning and development districts" means an
201 organized planning and development district in Mississippi.

202 (h) "Program" means the Mississippi Small Business
203 Assistance Program established in this act.

204 (i) "Qualified entities" means small business
205 investment corporations, community development corporations and
206 other similar entities approved by the Mississippi Business
207 Finance Corporation to participate in the program.

208 (j) "Seller" means the State Bond Commission.

209 (k) "Small business" means any commercial enterprise
210 with less than one hundred (100) full-time employees, less than
211 Two Million Dollars (\$2,000,000.00) in net worth or less than
212 Three Hundred Fifty Thousand Dollars (\$350,000.00) in net annual
213 profit after taxes.

214 SECTION 3. This act shall take effect and be in force from
215 and after July 1, 2001.

