

By: Senator(s) Robertson, To: Finance
 Little, Albritton, Brown,
 Browning, Burton, Butler,
 Carmichael, Chaney, Clarke,
 Davis, Dawkins, Dearing,
 Doxey, Flowers, Frazier,
 Gollott, Hewes, Horhn, Hyde-
 Smith, Jackson (11th),
 Jackson (15th), Jackson
 (32nd), Jordan, King, Kirby,
 Lee (35th), Lee (47th),
 Mettetal, Moffatt, Morgan,
 Pickering, Ross, Simmons,
 Thomas, Walls, White,
 Harden, Cuevas

SENATE BILL NO. 2003
 (As Passed the Senate)

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; AND FOR RELATED PURPOSES.

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

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

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

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

28 **SECTION 3.** (1) The Mississippi Development Authority
 29 (hereinafter referred to as the "authority") is authorized and
 30 empowered to utilize any funds acquired pursuant to Section 5 of
 31 this act and any funds otherwise provided for the purposes
 32 expressed in this act from any source, to establish a disaster

33 loan program with federally insured financial institutions to
34 provide short-term bridge loans to small business owners whose
35 businesses were physically damaged by Hurricane Katrina in this
36 state for the purpose of assisting such small businesses in
37 returning to business as quickly as possible.

38 (2) The amount of any loan granted under this act shall be
39 not less than One Thousand Dollars (\$1,000.00) nor more than
40 Twenty-five Thousand Dollars (\$25,000.00). The term of any loan
41 made under this section shall be ninety (90) days or one hundred
42 eighty (180) days as determined by the authority based upon the
43 circumstances of the business applying for the loan; however, upon
44 request of a financial institution assisting in the program, the
45 authority may extend the term of any loan made under this act an
46 additional one hundred eighty (180) days. The proceeds of the
47 loans authorized under this act shall be used only for the purpose
48 of maintaining or restarting the business in the area for which
49 the disaster declaration by the Governor for Hurricane Katrina was
50 issued.

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

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

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

58 (c) Have employed not less than two (2) nor more than
59 one hundred (100) persons immediately prior to the disaster
60 declaration;

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

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

66 (4) Using assessments of the disaster impacted areas, the
67 authority shall designate the area, and the counties in the area,
68 in which a small business must be located to be eligible to
69 participate in the program. The authority shall develop, adopt
70 and publish reasonable rules and regulations for the operation of
71 the loan program established under this act. The rules and
72 regulations shall govern the use of loan proceeds, terms of loans,
73 loan interest rates and fees, the loan approval process and any
74 other matters the authority considers appropriate. For purposes
75 of the program established by this act, the authority shall be
76 exempt from the Mississippi Administrative Procedures Law.

77 **SECTION 4.** The authority shall be the sole administrator of
78 the funds that become available to implement the provisions of
79 this act. The authority is authorized to utilize any of its
80 general powers to operate the loan program established under this
81 act.

82 **SECTION 5.** (1) The authority shall determine the need to
83 implement the loan program authorized by this act. Upon making
84 such determination, the authority shall notify the State Bond
85 Commission and request funds be provided to the authority to
86 implement the program. Not more than Twenty-five Million Dollars
87 (\$25,000,000.00) may be provided.

88 (2) (a) Upon receipt of the notification provided for in
89 subsection (1) of this section, the State Bond Commission is
90 authorized to obtain a line of credit, in an amount not to exceed
91 Twenty-five Million Dollars (\$25,000,000.00), from a commercial
92 lender, investment banking group or a consortium of either or
93 both. The length of indebtedness under this provision shall not
94 carry past three (3) years following the origination of the line
95 of credit. The State Bond Commission shall select a lender. The
96 line of credit shall be authorized and approved by the State Bond
97 Commission and shall have such terms and details as may be
98 provided by resolution of the State Bond Commission. Loan

99 proceeds shall be received by the authority and shall be used to
100 implement the loan program authorized by this act. The authority
101 shall accumulate loan repayments to repay the line of credit;
102 however, the authority may use repayments received while the
103 program is being made available to small businesses to fund
104 additional loans. The authority shall seek legislation for
105 funding to repay loan defaults and interest costs on the line of
106 credit.

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

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

114 **SECTION 6.** This act shall take effect and be in force from
115 and after its passage.