

By: Senator(s) Robertson

To: Finance

SENATE BILL NO. 2682

1 AN ACT TO AMEND SECTION 57-61-15, MISSISSIPPI CODE OF 1972,
2 TO REVISE THE PERCENTAGE OF BOND PROCEEDS UNDER THE MISSISSIPPI
3 BUSINESS INVESTMENT ACT WHICH MUST BE ALLOCATED TO SMALL
4 COMMUNITIES; AND FOR RELATED PURPOSES.

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

6 **SECTION 1.** Section 57-61-15, Mississippi Code of 1972, is
7 amended as follows:

8 **[Through June 30, 2007, this section shall read as follows:]**

9 57-61-15. (1) Except for grants authorized for state-owned
10 ports and for grants authorized under Section 57-61-32, Section
11 57-61-33 and Section 57-61-36, Mississippi Code of 1972, no more
12 than Seven Million Five Hundred Thousand Dollars (\$7,500,000.00)
13 of the proceeds of bonds authorized to be issued under this
14 chapter shall be made available for grants to municipalities;
15 however, Two Million Five Hundred Thousand Dollars (\$2,500,000.00)
16 of such amount shall be made available for grants to small
17 communities.

18 (2) In no case shall any municipality receive more than one
19 (1) grant in any single fiscal year. This subsection shall not
20 apply to grants authorized under Section 57-61-36, Mississippi
21 Code of 1972.

22 (3) A minimum of fifteen percent (15%) of the aggregate
23 funds made available under this chapter shall be allocated to
24 small communities. For the purpose of determining the aggregate
25 funds available to make the allocation established in this
26 subsection, there shall be excluded from inclusion therein any
27 funds specifically dedicated pursuant to Sections 57-61-11(e)(iii)

28 and (v), 57-61-32, 57-61-33, 57-61-34, 57-61-36, 57-61-39,
29 57-61-41 and 57-75-27, Mississippi Code of 1972.

30 (4) No loan or grant shall be made without substantiation of
31 the provisions of Section 57-61-9, Mississippi Code of 1972.

32 (5) Except in the case of an application pursuant to Section
33 57-61-9(5)(a), Mississippi Code of 1972, funds loaned shall be
34 secured by a lien and/or collateralized consistent with Section
35 57-61-9(1)(d), Mississippi Code of 1972, if required by the
36 Mississippi Development Authority.

37 (6) Except in the case of an application pursuant to Section
38 57-61-9(5)(a), Mississippi Code of 1972, private companies which
39 fail to create and maintain the number of jobs specified in an
40 approved application shall be liable for, in the discretion of the
41 Mississippi Development Authority, (a) a penalty equal to two
42 percent (2%) greater than the current prime interest rate for the
43 remainder of the loan made for their benefit, or (b) prepayment of
44 the outstanding loan amount incurred by the municipality for their
45 benefit, unless the penalty or a portion thereof is waived by the
46 Mississippi Development Authority because the failure is due to
47 circumstances outside the control of the private company. The
48 penalty shall be payable in installments which the Mississippi
49 Development Authority deems appropriate. Immediate notice of
50 penalties and waivers of penalties, including the penalties in
51 Section 57-61-9(1)(d), Mississippi Code of 1972, with the reasons
52 thereof, shall be submitted by the Mississippi Development
53 Authority to the Governor and the Legislature along with the
54 Mississippi Development Authority's decision on the imposition of
55 penalties and the reasons for this decision.

56 (7) Except in the case of an application pursuant to Section
57 57-61-9(5)(a), Mississippi Code of 1972, municipalities receiving
58 loans which fail to meet their repayment obligations shall forfeit
59 the right to receive their sales tax allocation and/or homestead
60 exemption reimbursement in an amount sufficient to repay

61 obligations due until such time as their indebtedness has been
62 discharged or arrangements to discharge such indebtedness
63 satisfactory to the Mississippi Development Authority have been
64 made. Sales tax allocations and/or homestead exemption
65 reimbursements forfeited hereby shall, upon demand by the
66 Mississippi Development Authority made in writing upon the State
67 Tax Commission, be paid to the Mississippi Development Authority
68 and applied to the discharge of the obligation. The Mississippi
69 Development Authority may prescribe such other penalties it deems
70 necessary.

71 (8) Any municipality which has forfeited its sales tax
72 allocation and/or homestead exemption reimbursement for twelve
73 (12) months may levy an ad valorem tax on the taxable property
74 therein for the purpose of meeting its repayment obligation. The
75 revenue produced from the tax levy shall not be included within
76 the ten percent (10%) growth limitation on ad valorem tax receipts
77 for its general budget.

78 (9) This chapter is expressly not intended to encourage the
79 relocation of a company from one jurisdiction within the state to
80 another. Any request by a local sponsor for assistance to be
81 provided a firm which currently operates a similar business in the
82 state must be accompanied by a demonstration that the total net
83 increase in and maintenance of full-time equivalent jobs, using
84 the current number of jobs in all similar businesses operated by
85 the private company in the state as a base, shall be at least
86 twenty-five percent (25%). This requirement shall not apply to
87 private companies relocating from small business incubators.

88 **[From and after July 1, 2007, this section shall read as**
89 **follows:]**

90 57-61-15. (1) Except for grants authorized for state-owned
91 ports and for grants authorized under Section 57-61-32, Section
92 57-61-33 and Section 57-61-36, Mississippi Code of 1972, no more
93 than Seven Million Five Hundred Thousand Dollars (\$7,500,000.00)

of the proceeds of bonds authorized to be issued under this chapter shall be made available for grants to municipalities; however, Two Million Five Hundred Thousand Dollars (\$2,500,000.00) of such amount shall be made available for grants to small communities.

(2) In no case shall any municipality receive more than one (1) grant in any single fiscal year. This subsection shall not apply to grants authorized under Section 57-61-36, Mississippi Code of 1972.

(3) A minimum of twenty-five percent (25%) of the aggregate funds made available under this chapter shall be allocated to small communities. For the purpose of determining the aggregate funds available to make the allocation established in this subsection, there shall be excluded from inclusion therein any funds specifically dedicated pursuant to Sections 57-61-11(e)(iii) and (v), 57-61-32, 57-61-33, 57-61-34, 57-61-36, 57-61-39, 57-61-41 and 57-75-27, Mississippi Code of 1972.

(4) No loan or grant shall be made without substantiation of the provisions of Section 57-61-9, Mississippi Code of 1972.

(5) Except in the case of an application pursuant to Section 57-61-9(5)(a), Mississippi Code of 1972, funds loaned shall be secured by a lien and/or collateralized consistent with Section 57-61-9(1)(d), Mississippi Code of 1972, if required by the Mississippi Development Authority.

(6) Except in the case of an application pursuant to Section 57-61-9(5)(a), Mississippi Code of 1972, private companies which fail to create and maintain the number of jobs specified in an approved application shall be liable for, in the discretion of the Mississippi Development Authority, (a) a penalty equal to two percent (2%) greater than the current prime interest rate for the remainder of the loan made for their benefit, or (b) prepayment of the outstanding loan amount incurred by the municipality for their benefit, unless the penalty or a portion thereof is waived by the

Mississippi Development Authority because the failure is due to circumstances outside the control of the private company. The penalty shall be payable in installments which the Mississippi Development Authority deems appropriate. Immediate notice of penalties and waivers of penalties, including the penalties in Section 57-61-9(1)(d), Mississippi Code of 1972, with the reasons thereof, shall be submitted by the Mississippi Development Authority to the Governor and the Legislature along with the Mississippi Development Authority's decision on the imposition of penalties and the reasons for this decision.

(7) Except in the case of an application pursuant to Section 57-61-9(5)(a), Mississippi Code of 1972, municipalities receiving loans which fail to meet their repayment obligations shall forfeit the right to receive their sales tax allocation and/or homestead exemption reimbursement in an amount sufficient to repay obligations due until such time as their indebtedness has been discharged or arrangements to discharge such indebtedness satisfactory to the Mississippi Development Authority have been made. Sales tax allocations and/or homestead exemption reimbursements forfeited hereby shall, upon demand by the Mississippi Development Authority made in writing upon the State Tax Commission, be paid to the Mississippi Development Authority and applied to the discharge of the obligation. The Mississippi Development Authority may prescribe such other penalties it deems necessary.

(8) Any municipality which has forfeited its sales tax allocation and/or homestead exemption reimbursement for twelve (12) months may levy an ad valorem tax on the taxable property therein for the purpose of meeting its repayment obligation. The revenue produced from the tax levy shall not be included within the ten percent (10%) growth limitation on ad valorem tax receipts for its general budget.

159 (9) This chapter is expressly not intended to encourage the
160 relocation of a company from one jurisdiction within the state to
161 another. Any request by a local sponsor for assistance to be
162 provided a firm which currently operates a similar business in the
163 state must be accompanied by a demonstration that the total net
164 increase in and maintenance of full-time equivalent jobs, using
165 the current number of jobs in all similar businesses operated by
166 the private company in the state as a base, shall be at least
167 twenty-five percent (25%). This requirement shall not apply to
168 private companies relocating from small business incubators.

169 **SECTION 2.** This act shall take effect and be in force from
170 and after its passage.