



# **KEY FINANCING PROGRAMS 2006**

*Prepared by:  
Mississippi Development Authority  
Financial Resources Division  
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## **MISSISSIPPI DEVELOPMENT AUTHORITY (MDA)**

The Mississippi Development Authority, through the Financial Resources Division, administers a variety of incentive programs designed to assist businesses in obtaining grants and loans for development and expansion and to posture the State as an aggressive competitor in the Global Market. Major projects require major financing and Mississippi can tailor a package of financial programs that will make your Company's expansion or location as simple and cost-effective as possible.

### **Programs available through Mississippi Development Authority:**

AGRIBUSINESS ENTERPRISE LOAN PROGRAM  
AIRPORT REVITALIZATION REVOLVING LOAN PROGRAM  
CAPITAL ACCESS LOAN PROGRAM  
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)  
DEVELOPMENT INFRASTRUCTURE PROGRAM (DIP)  
ECONOMIC DEVELOPMENT HIGHWAY PROGRAM (EDH)  
ENERGY INVESTMENT PROGRAM  
EXISTING INDUSTRY PRODUCTIVITY LOAN PROGRAM  
FREIGHT RAIL SERVICE REVOLVING LOAN/GRANT PROGRAM  
INDUSTRIAL ACCESS ROAD PROGRAM  
JOB PROTECTION LOAN PROGRAM  
LOCAL GOVERNMENTS CAPITAL IMPROVEMENTS REVOLVING LOAN PROGRAM  
MINORITY BUSINESS ENTERPRISE LOAN PROGRAM  
MINORITY BUSINESS MICRO LOAN PROGRAM  
MINORITY SURETY BOND GUARANTY PROGRAM  
MISSISSIPPI BUSINESS INVESTMENT ACT PROGRAM (MBI)  
MISSISSIPPI MAJOR ECONOMIC IMPACT AUTHORITY (MMEIA)  
PORT REVITALIZATION REVOLVING LOAN PROGRAM  
RESEARCH AND DEVELOPMENT LOAN PROGRAM  
SMALL BUSINESS ASSISTANCE LOAN PROGRAM

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## **MISSISSIPPI BUSINESS FINANCE CORPORATION (MBFC)**

The Mississippi Business Finance Corporation, administers a variety of finance programs designed to assist businesses in locating or expanding in the state. MBFC provides companies an opportunity to review all financial programs through one source. MBFC works with other public entities and the private sector to coordinate efforts to stimulate both commercial and industrial development. The following information is provided as an overview of the finance programs available through MBFC, MDA, and local units of government.

### **Programs available through the Mississippi Business Finance Corporation:**

- Industrial Development Revenue Bond Program
- Small Enterprise Development Program
- Rural Economic Development Assistance Program

For more information, visit [www.msbusinessfinance.com](http://www.msbusinessfinance.com)

### **Programs available through local units of government:**

- Local Industrial Development Revenue Bonds
- General Obligation Bonds

## **AGRIBUSINESS ENTERPRISE LOAN PROGRAM (ABE)**

The Agribusiness Enterprise Loan Program (ABE), administered by Mississippi Development Authority (MDA), is a loan program designed to encourage the extension of conventional financing and the issuance of letters of credit by private lending institutions to agribusiness enterprises in the State of Mississippi.

To qualify for the Agribusiness Enterprise Loan Program, eligible entities must be directly involved with:

- Aquaculture
- Horticulture
- Agriculture related industrial, manufacturing, research and development, or processing of agribusiness related goods and services.

Eligible Projects include:

- Financing of buildings and equipment
- Costs associated with the purchase of land (appraisals, title searches, etc.).
- Proceeds CANNOT be used to purchase land, pay off existing debt, or to provide working capital.

Eligible agribusinesses should contact a financial lending institution to originate the ABE loan application for this program.

<b>TERMS:</b>	Maximum term: 15 years, equal to term set by financial institution.
<b>AMOUNT:</b>	Maximum loan amount: 20% of total project cost or \$200,000, whichever is less. Excluding purchase of land.
<b>FEES:</b>	MDA requires 1% servicing fee on State's portion of loan, plus guarantee fees (2% SBA or 1% Farm Service Agency), if applicable.
<b>RATE:</b>	0% on State's portion of loan.
<b>FUNDING:</b>	Funding for loans is derived from issuance of state general obligation bonds.

Statute: Section 69-2-13, MS Code

## AIRPORT REVITALIZATION REVOLVING LOAN

The Mississippi Airport Revitalization Revolving Loan Program, administered by the Mississippi Development Authority (MDA), is designed for making loans to airport authorities for the construction and/or the improvement of airport facilities located in Mississippi.

To qualify for the Airport Loan Program, eligible entities include county and municipal airport authorities authorized to operate in the State of Mississippi.

Projects eligible for assistance must be directly related to the airport facility and are limited to construction, expansion, improvements, rehabilitation, or repair of airport facility.

Examples of projects may include:

- Drainage systems
- Energy facilities (power generation and distribution)
- Sewer systems (pipe treatment)
- Transportation facilities directly affecting the site, including roads, sidewalks, bridges, rail lines, rivers, pipelines, or runways
- Buildings
- Water supply systems (storage, treatment, and distribution)
- Equipment necessary for airport operation
- Land improvements

Eligible entities must submit an application to MDA to be evaluated to determine if the project meets the program criteria.

<b>TERMS:</b>	Maximum term: 10 years or estimated life of project, whichever is less.
<b>AMOUNT:</b>	Maximum loan amount: \$750,000 per project.
<b>RATE:</b>	3% Per Annum.
<b>FUNDING:</b>	Funding for loans is derived from the issuance of state general obligation bonds or notes.

Statute: Section 57-61-41, MS Code

## **CAPITAL ACCESS LOAN PROGRAM (MS CAP)**

The Mississippi Capital Access Program (MS CAP), administered by the Mississippi Development Authority (MDA), is designed to increase the availability of financing for borrowers who, for various reasons, might have difficulty in obtaining conventional loans. The essential element of the program is a reserve account established at a financial institution as a credit enhancement to induce the financial institution to make a loan. The reserve account will consist of contributions from the borrower, the lender, and the State of Mississippi. Contributions from the Capital Access Program in the reserve account are used in the event of a loan default.

Eligible entities include the following:

- A Small Business
- A Small Disadvantaged Business
- A Minority Business (minority or woman owned business)

Eligible projects directly relating to the creation or expansion of a small business may include the following:

- Fixed assets
- Working capital
- Start-up costs
- Rental payments
- Interest expense during construction
- Professional fees

Small Businesses that are **INELIGIBLE** for assistance under this program are charitable institution or nonprofit enterprises; newspaper, magazine, radio, television broadcasting company, or similar enterprise through which editorial opinions are expressed; or businesses engaged in lending directly or indirectly; immediate relatives of any current staff or board members of financial institutions.

Funds cannot be used to pay off existing debt and/or creditors; consolidation purposes; construction or purchase of residential housing; or real property that is held primarily for sale or investment.

<b>TERMS:</b>	Set by Financial Institution.
<b>AMOUNT:</b>	Maximum loan amount: \$150,000 per borrower. Program will match amount deposited in reserve account by financial institution and the borrower with a maximum being 7%.
<b>RATE:</b>	Minimum interest rate: 1.5%.
<b>FUNDING:</b>	Funding is derived from the issuance of state general obligation bonds.

To apply for this program, eligible entities should contact a participating financial institution for application.

Statute: Section 57-61-36(5) MS Code

## COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)

The Community Development Block Grant program (CDBG) helps communities realize their potential by providing funds necessary to ensure decent housing, basic community services, environmental quality and economic opportunities for their residents. The State CDBG Program makes funds available to incorporated municipalities and county governments that show a genuine need for specific projects and can meet the program's state and federal eligibility requirements. In accordance with the Community Development Act of 1974, as amended, project activities must meet at least one of the following national objectives:

- Benefit low- and moderate-income persons;
- Aid in the prevention or elimination of slums or blight;
- Meet urgent needs because existing conditions pose a serious and immediate threat to the health or welfare of the community and other financial resources are not available to meet such needs.

A local unit of government may apply for CDBG funds in the **Public Facilities, Economic Development** and **Mississippi Micro-Enterprises Development Demonstration** categories.

The **Public Facilities** category provides funding for public improvements such as water, wastewater, drainage, streets, and certain public buildings. This category includes a Regular Competition for funds as well as a Small Government and Emergency Set Asides, and Community Self-Help Program. Some Public Facilities projects may be funded under the stringent Urgent Needs/Emergencies national objective. An Urgent Needs/Emergencies project must prove a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community and meet other criteria such as the date of occurrence of the emergency condition.

The [Economic Development](#) category provides funding to local units of governments for eligible infrastructure improvements in the support of business start-ups and expansions. Job creation is the key to CDBG-assisted economic development. Economic Development Public Improvements subcategory provides grants to local governments on behalf of businesses for the provision of needs such as water, sewer, and access roads. Economic Development Loans may be used for capital improvements, equipment or working capital at the discretion of the Community Services Division

The [Self-Help](#) Category provides funding for public improvements such as water, wastewater, downtown improvements and recreational improvements.

The [Mississippi Micro-Enterprises Development Demonstration](#) category provides funding in support of Micro-Enterprise business endeavors. Grants are awarded to eligible units of local government that are then loaned to specific for-profit businesses, or local units of government may contract with an eligible non-profit organization that is directly involved with Micro-Enterprise development.

### **For more information contact:**

Community Services Division

Telephone: 601.359.3179

Fax: 601.359.9311

[community@mississippi.org](mailto:community@mississippi.org)

## DEVELOPMENT INFRASTRUCTURE PROGRAM (DIP)

The Mississippi Development Infrastructure Program (DIP), administered by the Mississippi Development Authority (MDA) is designed for making grants or loans to counties or municipalities (Local Sponsors) to finance small infrastructure projects to promote economic growth in the State of Mississippi (State). Counties and municipalities are encouraged to use these funds in connection with other State and federal programs.

### Eligibility

- The local governing authority of the county or municipality is eligible for DIP program.
- Projects must be directly related to the construction, renovation, or expansion of a new or expanded industry.

Eligible projects financed with DIP funds must be publicly owned. Including but not limited to:

- Drainage systems
- Energy facilities (power generation and distribution)
- Sewer systems (pipe treatment)
- Transportation facilities directly affecting the site, including roads, bridges, rail lines, or pipelines
- Water supply systems (storage, treatment, and distribution)
- Marine structures
- Land improvements

Eligible Projects should benefit the following types of industries:

- Manufacturing and processing
- Large distribution facility
- Service support to agriculture, aquaculture, and mariculture
- Service support to manufacturing and processing
- Telecommunications and data processing
- Corporate headquarters and operations centers
- Research and development

### Key Points

- DIP funds may not be used for working capital or to provide facilities for utilization by a gaming enterprise.
- In most circumstances the Local Sponsor will be required to expend local funds before the State injects any proceeds into the project.
- An Agreement will be executed between the Local Sponsor and MDA.
- MDA will release DIP funds on a reimbursement basis for approved eligible costs of the project as incurred.

<b>TERMS:</b>	Local sponsors have 1 year from the date of the executed grant agreement to request reimbursement for DIP project costs.
<b>AMOUNT:</b>	Maximum GRANT amount: \$150,000
<b>FUNDING:</b>	Funding is derived from issuance of State General Obligation Bonds.

To apply for this program, eligible local sponsors should contact MDA for program information.

**Statute:** Section 57-61-36, MS Code

## ECONOMIC DEVELOPMENT HIGHWAY PROGRAM (EDH)

The Economic Development Highway Act, administered by the Mississippi Development Authority (MDA), is designed to assist political subdivisions with Highway Projects, which encourage private companies to engage in high economic benefit projects within their area.

The purpose of this program is to promote industrial and other significant development in the State of Mississippi through the construction and/or improvement of highways in areas that demonstrate actual and immediate potential for the creation, or expansion of major industries or other significant development. The highway or highway segment to be constructed must be necessary to ensure adequate and appropriate access to a proposed company project for the purpose of encouraging its location within a political subdivision.

Eligible entities include one or more counties or incorporated municipalities in the state or a state-owned port located in a county bordering the Gulf of Mexico.

An eligible high economic benefit project is a proposed project by a company, which meets one of the following capital investment criteria:

- Any new capital investment by a private company in land, building, depreciable fixed assets and improvements of at least \$50,000,000 in the State.
- Any new investment in land, building, depreciable fixed assets, and improvements of at least \$20,000,000 by a private company, which already has investments in the State of at least \$1,000,000,000 in the aggregate.
- Any public investment of at least \$100,000,000 to take place over a specified period of time and in accordance with a master plan.

Private companies, which are eligible for assistance under the EDH Program include:

- Agricultural Enterprises
- Aquaculture Enterprises
- Hospitals
- Industrial Enterprises
- Large Hotels or Resorts
- Manufacturing Enterprises
- Maricultural Enterprises
- Regional Shopping Malls
- Research and Development Enterprises

Other types of enterprises, which may qualify for assistance, are distribution facilities, warehousing facilities, air transportation and maintenance facilities, movie industry studios, or the federal government.

**AMOUNT:** Grant amount will be based on MDOT State Aid standards and must be approved by the MDA Executive Director.

**FUNDING:** Funding for loans/grants is derived from state general obligation bonds.

To apply for this program, the eligible entity must receive a commitment from the Governor or MDA, and the type of construction regulations to be used must be identified.

Statute: Section 65-4-1 et. Seq. MS Code

## ENERGY INVESTMENT PROGRAM

The Mississippi Energy Investment Program ("Energy Investment Program"), administered by the Mississippi Development Authority (MDA) is designed for making loans to qualified borrowers to promote development and demonstration of efficient, environmentally acceptable and commercially feasible technologies, techniques and processes while effectively utilizing the state's existing alternative and conventional energy resources to foster economic and social growth.

### Eligibility

In order to obtain assistance under the Energy Investment Program, the applicant must be declared financially sound and capable of repaying the loan and must meet one of the following criteria:

- Corporation
- Partnership
- Hospitals (public and private "non-profit")
- Institutions of higher learning
- Community colleges
- Schools (public or private)
- Local government entities

### Eligible Projects

- Retrofits and energy design process developments
- The improvements must promote the development and demonstration of efficient, environmentally acceptable and commercially feasible technology and processes, and must also utilize Mississippi's existing energy resources, public utilities and/or developing resources to foster economic growth.

Terms:	Maximum term: 10 years or estimated life of project, whichever is less.
Amount:	Maximum LOAN amount: \$300,000 per project. MDA requires a 1% servicing fee on loan amount.
Rate:	3% below New York Prime Rate and a fixed-rate will be set upon loan approval.

To apply for this program, the eligible entity must submit an application to MDA for review and approval.

**Statute:** Section 57-39-39, MS Code

## EXISTING INDUSTRY PRODUCTIVITY LOAN

The Mississippi Existing Industry Productivity Loan Program, administered by the Mississippi Development Authority (MDA) is designed for making loans to existing manufacturing industries that have been operating in the state for at least 2 years and meet minimum criteria established by MDA.

To be eligible for this program, the company must be an existing manufacturing enterprise, which has operated in the State for not less than 2 consecutive years.

A manufacturing enterprise is one that is exclusively or predominately engaged in activities of an industrial or commercial nature wherein labor or skill is applied by hand or machinery, to materials belonging to the manufacturer so that a new, different, or more useful article is produced for sale.

Loan funds are to be used to finance long-term fixed assets. These are assets that, through new technology will improve productivity and competitiveness of the company. The benefits of such asset must be documented. An existing industry that accepts a loan under this program shall not reduce employment by more than 20%. MDA will conduct a financial analysis of the business or industry requesting the loan.

<b>TERMS:</b>	Maximum term: 10 years or estimated useful life of Fixed Assets, whichever is less.
<b>AMOUNT:</b>	Minimum loan amount: \$250,000 Maximum loan amount: 50% of total project cost or \$500,000, whichever is less.
<b>RATE:</b>	Interest rate on the most recent issue of 20-year state general obligation bonds occurring prior to the date the loan is made.
<b>FUNDING:</b>	Funding for loans is derived from issuance of state general obligation bonds.

To apply for this program, the eligible entity should contact MDA.

Statute: Section 57-93-1, MS Code

## **FREIGHT RAIL SERVICE REVOLVING LOAN/GRANT PROGRAM**

The Mississippi Freight Rail Service Projects Revolving Loan/Grant Program ("RAIL"), administered by the Mississippi Development Authority (MDA) is designed for making loans and grants to municipalities and/or counties to finance freight rail service projects in the State of Mississippi. Counties and municipalities are encouraged to use these funds in connection with other state and federal programs.

### **Eligibility includes:**

1. Counties and municipalities may receive grants for freight rail service projects relating to the upgrading of railroad grade crossings.
2. Only projects approved by the Mississippi Department of Transportation (MDOT) shall be eligible for RAIL grants.

### **Municipalities and counties may receive RAIL loans to finance the following freight rail service projects:**

- A project, which involves the acquisition, construction, installation, operation, modification, renovation or rehabilitation of any freight rail service facilities.
- A project, which may include any fixtures, machinery or equipment, used in conjunction with any freight rail service facilities.
- Any project for any freight transportation purpose.

<b>TERMS:</b>	Maximum term: 15 years or estimated life of project, whichever is less.
<b>AMOUNT:</b>	Maximum loan amount: \$1,000,000 per project per calendar year. Maximum grant amount: \$250,000 per project.
<b>RATE:</b>	Interest rate shall be 1% below the Federal Reserve Discount Rate & a fixed rate will be set upon loan approval.
<b>FUNDING:</b>	Funding for loans/grants is derived from the issuance of state general obligation bonds.

To apply for this program, eligible counties and municipalities should contact MDA for program information.

Statute: Section 57-44-1 et seq. MS Code

## **INDUSTRIAL ACCESS ROAD PROGRAM**

The Mississippi Industrial Access Road Program, administered by the Mississippi Development Authority (MDA) and the Mississippi Department of Transportation (MDOT) is designed to encourage and promote industrial growth by providing access roads to industrial developments. Under this program, MDA and MDOT assist local governmental entities in the construction of links to highways or roads necessary to connect new & existing industrial sites to adequate road facilities.

Local governmental entities with a need for access roads to new and existing industrial sites are eligible for this program. Eligible projects include city or county industrial parks.

An “industrial site” is generally defined as the property holdings, an area around a building site containing parking facilities, and circulation roadways. Connections that would normally be considered as driveways from a public road to adjacent property or roads built for internal circulation within an industry’s boundaries will not be eligible for assistance.

To apply for this program, contact MDA for additional information.

Statute: Section 65-1-41 MS Code

## **JOB PROTECTION LOAN PROGRAM**

The Mississippi Job Protection Act, administered by the Mississippi Development Authority provides loans and grants to 'at risk' industries.

Eligible Entities include 'at risk' industries that have been operating in the state for at least 3 years and have lost jobs or are at risk of losing jobs because of outsourcing.

"Outsource" means to send out work or jobs of a certain provider or manufacturer in Mississippi to a provider or manufacturer located outside the boundaries of the United States or any territory of the United States.

The Eligible Entity must use the loan or loan/grant program for job retention or to improve productivity and competitiveness. An 'at-risk' industry that accepts a loan or loan/grant cannot reduce employment by more than 20%.

MDA will conduct a financial analysis of the business requesting the loan.

Loans funds may be used for land, building, and depreciable fixed assets. Loan proceeds may not be used for working capitol, debt refinancing or rolling stock.

<b>TERMS:</b>	Set by Financial Institution.
<b>AMOUNT:</b>	Maximum loan amount: \$750,000, Maximum grant amount: \$200,000. Grant must be used in conjunction with loan.
<b>RATE:</b>	Interest rate shall be on the most recent issue of 20-year state general obligation bonds occurring prior to the date the loan is made.
<b>FUNDING:</b>	Funding is derived from the issuance of state general obligation bonds.

To apply for this program, eligible entities should contact MDA for more information.

Statute: Section 57-95-1 MS Code

## **LOCAL GOVERNMENTS CAPITAL IMPROVEMENTS REVOLVING LOAN PROGRAM (CAP)**

The Local Government Capital Improvements Revolving Loan Program is designed for making loans to counties or municipalities to finance capital improvements in Mississippi. Counties and municipalities are encouraged to use these loans in connection with state and federal programs. Funding for loans to applicants is derived from the issuance of state bonds. CAP was enacted by the State Legislature.

Eligible Projects include:

- Construction or repair of water and sewer facilities.
- Construction or repair of drainage systems for industrial development.
- Improvements in fire protection.
- Construction of new buildings for economic development.
- Renovation or repair of existing buildings for economic development purposes.
- Purchase of buildings for economic development purposes.
- Construction of any county or municipally-owned health care facilities, excluding any county health departments.
- Construction, purchase, renovation or repair of any building to be utilized as an auditorium or convention center.
- Construction of multipurpose facilities for tourism development.
- Construction or repair of access roads for industrial development.
- Construction or repair of railroad spurs for industrial development.
- Construction, repair and renovation of parks, swimming pools and recreational and athletic facilities.

<b>TERMS:</b>	Maximum term: 20 years
<b>AMOUNT:</b>	Maximum loan amount: \$750,000 per local entity per calendar year. A local entity may borrow up to \$500,000 of tax-exempt loans per calendar year and \$750,000 of taxable loans per calendar year. Minimum loan amount: \$30,000 per project. The Maximum CAP loan Indebtedness allowed per applicant is \$2,500,000 outstanding principal balance. Loans for the construction, repair and renovation of parks, swimming pools and recreational and athletic facilities shall not exceed \$250,000 per project.
<b>RATE:</b>	Interest rate on all CAP loans is calculated according to the actuarial method. CAP loans (tax-exempt): 2% per Annum - CAP loans (taxable): 3% per Annum
<b>FUNDING:</b>	Funding is derived from issuance of state general obligation bonds.

To apply for this program, please contact MDA for more information.

Statute: Section 57-1-30, MS Code

## MINORITY BUSINESS ENTERPRISE LOAN PROGRAM (MBE)

The Minority Business Enterprise Loan Program (MBE), administered by the Mississippi Development Authority (MDA), combines state and private lending sources to assist new and existing minority businesses in gaining access to needed capital in the form of direct low-interest loans. The program is designed to provide loans to socially and economically disadvantaged minority and women owned businesses.

A minority business meeting the program guidelines is eligible for this program. A minority business is a socially and economically disadvantaged small business concern organized for profit as defined under the Small Business Act, 15 U.S.C.S., Section 637[a]), and performing a commercially useful function. The business must have one or more minority or female owners with controlling interest. A business is required to obtain [certification as a Minority Business Enterprise](#) by the Minority Business Enterprise Division prior to consideration for the loan.

A qualified minority business should contact one of the following qualified entities to inquire about the loans available to minority businesses.

- Mississippi Planning and Development Districts ("PDDs");
- Small Business Investment Corporations;
- Community Development Corporations; and
- Other appropriate entities.

<b>TERMS:</b>	7 years - working capital 10 years - machinery and equipment 15 years - land and building.
<b>AMOUNT:</b>	Maximum loan amount: 50% of total project or \$250,000, whichever is less. Minimum total project considered: \$25,001
<b>RATE:</b>	Minimum interest rate: 2.0% below the Federal Reserve Discount Rate. Maximum interest rate: 2.0% above the Federal Reserve Discount Rate.
<b>FUNDING:</b>	Funding is derived from state general obligation bonds.

To apply for this program, eligible entities should contact MDA for more information.

Statute: Section 69-2-13(4) MS Code

## MINORITY BUSINESS MICRO LOAN PROGRAM

The Minority Business Micro Loan Program, administered by the Mississippi Development Authority, provides a funding source for minority businesses needing financing for small projects.

A minority business is a socially and economically disadvantaged small business concern organized for profit as defined under the Small Business Act, 15 U.S.C.S., Section 637[a]), and performing a commercially useful function. The business must have one or more minority or female owners with controlling interest.

A business is required to obtain [certification as a Minority Business Enterprise](#) by the Minority Business Enterprise Division prior to consideration for the loan.

Eligible projects under this loan program include:

- Purchase of fixed assets such as machinery and equipment,
- Use as working capital
- Inventory Purchase

TERMS:	Maximum term: 7 years
AMOUNT:	Minimum loan amount: \$2,000 Maximum loan amount: \$35,000
RATE:	Fixed Interest rate: 4.0% over the Federal Reserve Discount Rate.
FUNDING:	Funding is derived from issuance of State General Obligation Bonds.

To apply for this program, an eligible entity should contact the local Planning and Development District (PDD) or go to [www.mapdd.org](http://www.mapdd.org) for contact information.

Statute: Section 69-2-13, MS Code

## MINORITY SURETY BOND GUARANTY PROGRAM

The Mississippi Minority Surety Bond Guaranty Program, administered by Mississippi Development Authority (MDA), strives to increase minority participation in construction and building trade contracts with federal, state, and local units of government, and their subsidiaries. Often minority firms are unable to compete for this business because they cannot obtain the bid and performance and payment bonds required by government contracts. The Minority Surety Bond Guaranty Program assists these firms through surety bond Guaranties And Technical Assistance In Internal Management.

Eligible Minority Business owners include women and minorities that meet these qualifications:

- Be in the construction or building trade business;
- Be a certified Minority Business Enterprise through the Minority Business Enterprise Division of the MDA;
- Have been in business at least one year prior to application;
- Have its principal place of business located in Mississippi;
- Meet experience and financial standards appropriate to the contract;
- Agree to subcontract no more than 75% of a qualified contract;
- Show reasonable evidence of inability to secure bonding under normal market conditions.

Eligible projects include construction contracts with Federal, State and Local Units of Government.

<b>TERMS:</b>	Set by Financial Institution.
<b>AMOUNT:</b>	Maximum GUARANTY amount: 75% of contract bond amount or \$175,000, whichever is less for the 1 <sup>st</sup> year, increasing up to \$250,000 for 2 <sup>nd</sup> year. Maximum percentage (%) guaranty for any bond is 90%.
<b>RATE:</b>	Set by Financial Institution.

To apply for this program, eligible minority businesses should contact the local PDD or participating financial institution to apply for program. Go to [www.mapdd.org](http://www.mapdd.org) for PDD information.

Statute: Section 69-2-13(5) MS Code

## MISSISSIPPI BUSINESS INVESTMENT PROGRAM (MBI)

The Mississippi Business Investment Act Program (MBI), administered by the Mississippi Development Authority (MDA), is a program designed for making loans and/or grants/loans to local governmental entities, acting individually or jointly, in order to finance authorized improvements for projects necessary to compliment investments by private companies.

Projects should increase domestic and international commerce and create and maintain new full-time jobs in Mississippi.

Eligible entities include counties and incorporated towns or cities, acting individually or jointly, to compliment private investments that will create and maintain new full-time jobs in Mississippi.

Eligible Projects may include but not limited to the following:

- Agricultural Enterprises
- Industrial Enterprises
- Manufacturing Enterprises
- Research and Development Enterprises
- Tourism Enterprises
- Maricultural Enterprises
- Aquacultural Enterprises
- Regional Shopping Malls
- Service Enterprises

Use of loan or grant/loan funds must be directly related to a Private Company's facilities and is limited to construction, expansion, improvement, rehabilitation or repair infrastructure needs as outlined in the MBI Guidelines.

Job creation requirement: \$15,000 for each new job created and maintained.

Private match: \$3.00 for every \$1.00 of MBI assistance.

<b>TERMS:</b>	Maximum term: 10 years or estimated life of project, whichever is less.
<b>AMOUNT:</b>	Minimum loan amount: \$500,000 per project.
<b>RATE:</b>	0% on public property 3% Minimum per Annum on private property loans
<b>FUNDING:</b>	Funding for loans or grant/loans to eligible entities is derived from the issuance of state general obligation bonds or notes. All grants must be supplemented by a loan through the MBI program.

To apply for program, eligible entities should submit the Private Company's Letter of Intent along with a request for an MBI Application form to MDA. Loans/Grants cannot be made directly to Private Companies, only to Eligible Entities defined above.

Statute: Section 57-61-15 (Grants) and 57-61-25 (Loans) MS Code

## MISSISSIPPI MAJOR ECONOMIC IMPACT AUTHORITY (MMEIA)

The Mississippi Major Economic Impact Authority (MMEIA), administered by the Mississippi Development Authority (MDA) and the State Bond Commission, is designed to allow the state, through the issuance of general obligation bonds, to assist local communities in meeting the development requirements inherent in large capital projects, thereby generating an investment in the quality of life in such communities.

All units of local government are eligible with projects that offer a minimum investment of \$300 million by the private sector.

Eligible Projects may include:

- New facilities or expansions of existing facilities with a minimum initial investment of \$300 Million by the private sector or the US Government.
- Improvement of transportation, education, recreation and medical facilities within 65 miles of a project site. Certain other infrastructure needs are also eligible for financing.
- Industrial or commercial projects, research and development, warehousing, distribution, transportation, processing, mining establishments, US Government projects and tourism facilities.
- Employers may also qualify if they have a capital investment of \$150 million and create 1000 net new jobs or if they create 1000 net new jobs that pay 125% of the annual wage rate of the state. Ancillary developments that occur as a result of certain enterprises may also be eligible.
- For new projects, a fee-in-lieu of franchise tax in an amount not less than \$25,000 may be negotiated.
- The program also authorizes the use of general obligation bonds for defraying the cost of providing for the recruitment, screening, selection, and training and retraining of employees.

<b>RATE:</b>	The interest rate shall not be higher than five percent (5%) above the current prime rate.
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<b>FUNDING:</b>	Funding is derived from issuance of general obligation bonds.
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To apply for this program, a qualified local governmental entity should complete an application form and submit to MDA for review and approval.

Statute: Section 57-75-1 et seq., MS Code

## PORT REVITALIZATION REVOLVING LOAN PROGRAM

The Mississippi Port Revitalization Revolving Loan Program, administered by the Mississippi Development Authority (MDA) is designed for making loans to state, county, or municipal port authorities for the improvement of port facilities to promote commerce and economic growth in the State of Mississippi.

Eligible entities include state, county, and municipal ports authorized to operate in Mississippi.

Eligible projects must be directly related to the port facility and are limited to construction, expansion, improvements, rehabilitation, & repair of:

- Dock and channel sites to include dredging
- Drainage systems
- Energy facilities (power generation and distribution)
- Sewer systems (pipe treatment)
- Transportation facilities directly affecting the site, including roads, sidewalks, bridges, rail lines, rivers, or pipelines
- Building
- Water supply systems (storage, treatment, and distribution)
- Marine structures
- Equipment necessary for port operation
- Land improvements

Loan funds may not be used for working capital by the port facility, or to provide facilities for utilization by a gambling vessel.

<b>TERMS:</b>	Maximum term: 10 years or estimated life of project, whichever is less.
<b>AMOUNT:</b>	Maximum loan amount: \$750,000 per project.
<b>RATE:</b>	Interest rate of 3% Per Annum.
<b>FUNDING:</b>	Funding is derived from issuance of general obligation bonds.

To apply for this program, eligible entities should submit an application to MDA, which will forward copies of such application to members of the Water Resources Council Committee for review.

Statute: Section 57-61-41, MS Code

## RESEARCH & DEVELOPMENT LOAN PROGRAM

The Mississippi Research and Development Program (R&D Loan Program), administered by the Mississippi Development Authority (MDA), is designed for making loans to private companies to aid in the creation of new and expanding research and development and technology-based businesses and industries.

To qualify for assistance under the R&D Loan Program, a company must meet one of the following classifications:

### Research & Development

A business engaged in laboratory, scientific or experimental testing and development related to new products, new uses for existing products, or improving existing products. Research and Development does not include any business engaged in efficiency surveys, management studies, consumer surveys, economic surveys, advertising, promotion, or research in connection with literary, historical or similar projects.

### Technology

The enterprise shall manufacture plastics, automobiles, aircraft, computers or electronics, or be a computer design or software publishing facility with at least 10% of the workforce being scientists, engineers or computer specialists. The average wage of all workers employed shall be at least 150% percent of the state average annual wage. A basic health care plan must be provided to all employees.

- Such companies shall employ at least 10 persons in full time positions
- The company **must** inject a minimum of 10% equity into the project.
- The company must be financially sound, present evidence that the company can repay the debt, and must not have defaulted on any previous loan from the State or Federal Government.

Proceeds may be used to finance land, building and depreciable fixed assets ("R&D Project"). Loan proceeds may not be used for working capital, debt refinancing or rolling stock.

<b>TERMS:</b>	Maximum term: 10 years or estimated useful life of the project, whichever is less.
<b>AMOUNT:</b>	Maximum loan amount: 50% of total project cost up to \$750,000 per project. Minimum loan amount: \$250,000.
<b>RATE:</b>	Interest rate on the most recent 20-year general obligation bonds occurring prior to the date the loan is made.
<b>FUNDING:</b>	Funding is derived from issuance of State General Obligation Bonds.

Other state finance programs including Community Development Block Grants may not be used to finance the remaining cost of the R&D Project.

To apply for this program, the eligible company must submit an application to MDA for approval.

Statute: Section 57-61-34, MS Code

## **SMALL BUSINESS ASSISTANCE LOAN PROGRAM (SBA)**

The Mississippi Small Business Assistance Program, administered by Mississippi Development Authority (MDA), was established for the purpose of providing funds to qualified entities to establish revolving loan funds to assist small businesses.

Qualified entities are defined as Mississippi Planning and Development Districts (PDDs), Small Business Investment Corporations, Community Development Corporations, and other similar entities.

A small business is defined as any for-profit commercial enterprise with fewer than 100 full-time employees, less than \$2 Million in net worth or less than \$350,000 in net annual profit after taxes during two of the last three years.

Eligible Businesses include the following:

- Manufacturers
- Processors
- Distributors
- Wholesalers
- Retailers
- Service Providers

<b>TERMS:</b>	15 years - Land/Building 10 years - Machinery/Equipment 5 years - Working Capital 3 years - Purchase of Inventory Collateral negotiable.
<b>AMOUNT:</b>	Maximum loan amount: 50% of project or \$100,000, whichever is less.
<b>RATE:</b>	Interest rate: 5% minimum per annum or more than 4% above Federal Reserve discount rate plus service fees. MDA requires 1% servicing fee on State's portion of loan.

To apply for this program, small businesses should contact your local PDD, Small Business Investment Corporations, Community Development Corporations, or other similar entities for additional information on Small Business Assistance Loan Programs.

Statute: 57-10-507; 57-10-511, MS Code

## **MISSISSIPPI BUSINESS FINANCE CORPORATION**

The Mississippi Business Finance Corporation (MBFC) administers a variety of finance programs designed to assist businesses in locating or expanding in the state. MBFC provides companies an opportunity to review all financial programs through one source.

MBFC works with other public entities and the private sector to coordinate efforts to stimulate both commercial and industrial development. The following information is provided as an overview of the finance programs available through MBFC, MDA, and local units of government.

### **Programs available through the Mississippi Business Finance Corporation:**

- Industrial Development Revenue Bond Program
- Small Enterprise Development Program
- Rural Economic Development Assistance Program

#### **Industrial Development Revenue Bond Program**

The Industrial Development Revenue Bond Program reduces the interest costs of financing projects for companies through the issuance of both taxable and tax-exempt bonds. Additionally, ad valorem and sales tax exemptions are granted in conjunction with this type of public financing.

The bonds must be secured by an irrevocable, direct-pay letter of credit or other credit enhancement acceptable to MBFC.

The proceeds of a bond issue may be used for the acquisition and construction of real property, machinery and equipment, capitalized interest, reserve funds, and a limited amount of the cost of issuance in accordance with provisions of the Internal Revenue Code.

Although there is no restriction on the amount of taxable debt that may be incurred, there is a \$10 million cap on tax-exempt financing. The maximum term of a bond issue will be equal to 120% of the average life of the financed assets or thirty years, whichever is less. The bond purchaser will determine the interest rate. The borrower will pay the costs of issuance and any other applicable fees.

#### **Small Enterprise Development Program**

The issuance of State General Obligation Bonds provides funds for manufacturing and processing companies to finance fixed assets, i.e. land, buildings, new machinery and new equipment at below market interest rates for terms of up to fifteen years.

Although a company may qualify for more than one loan under this program, the aggregate amount loaned to any company cannot exceed \$2 million. Interest rates on these loans are equal to the net interest rate on the bonds issued by the State plus a servicing fee. The borrower will pay the costs of issuance and any other applicable fees.

A project must create a minimum of ten jobs, and loans cannot exceed 90% of the market value of the financed assets. Companies participating in the program will be required to obtain a bank letter of credit guaranteeing the loan.

#### **Rural Economic Development Assistance Program**

Companies financing projects through the Small Enterprise Development or Industrial Revenue Bond Programs, which are administered by MBFC, may be eligible to participate in the Rural

Economic Development Assistance Program. The program allows eligible companies to receive credits on Mississippi corporate income taxes.

Mississippi corporate income tax credits will be granted at the end of a company's fiscal year and will be based on the Mississippi tax liability at that time. The amount a company will be required to pay in Mississippi income tax could be reduced by an amount up to the debt service paid during the tax year.

The total amount of tax credits earned may not exceed the annual debt service on the bond issue. These credits may be used to offset up to 80% of the company's state corporate income tax liability.

For more information, go to <http://www.msbusinessfinance.com/>

## **Programs available through local units of government**

### **LOCAL INDUSTRIAL DEVELOPMENT REVENUE BONDS**

Local political entities in Mississippi, including counties, supervisors' districts, incorporated cities and towns, have the authority to issue tax-exempt and taxable industrial development revenue bonds to finance new or expanding industrial enterprises. There is no election approval required unless 20% or more of the entity's electors object to the bond issuance in writing. Ownership of a bond-financed facility is retained by the issuing political entity, which leases it to a company for rental sufficient to pay the annual principal and interest on bonds.

Industrial development revenue bonds can finance up to 100% of total project costs, including land, buildings, fixtures, new equipment, new machinery and professional fees.

Facilities financed by such bonds are allowed up to a ten-year property tax exemption, in addition to being exempt from most sales and use taxes on project related purchases during construction.

### **GENERAL OBLIGATION BONDS**

Local political entities have the authority to issue general obligation bonds for the purpose of acquiring sites and constructing facilities for lease to new or expanding industries with rentals sufficient to amortize the debt service on the bonds.

General obligation bonds carry the full faith and credit of the issuing political entity. As title to the property remains with the political entity issuing the bonds, no taxes, except school taxes, are assessed on the improvements made with the proceeds of such bonds. An agreement is negotiated between the industry and the political entity covering the details of the issuance of the bonds and the lease.

### **ADDITIONAL INFORMATION**

For additional information on any of the programs listed above, please contact the Mississippi Development Authority.

Phone: 601.359-3552  
Email: [financial@mississippi.org](mailto:financial@mississippi.org)  
Website: [www.mississippi.org](http://www.mississippi.org)