

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**

A BILL ACT 874 OF 1991

HOUSE BILL 1353

4 **By: Representatives Schexnayder, Northcutt, Cunningham, Arnold, McGee, Townsend and**
5 **J. Wilson**

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For An Act To Be Entitled

9 "AN ACT TO AMEND THE ARKANSAS DEVELOPMENT FINANCE
10 AUTHORITY SMALL BUSINESS ACT OF 1989; DECLARING AN
11 EMERGENCY; AND FOR OTHER PURPOSES."

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13 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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15 SECTION 1. Arkansas Code §15-5-702 (b) (4) is hereby amended to read as
16 follows:

17 "(4) Target resources of the State toward the development and
18 expansion, especially in rural areas, of technology-oriented small business
19 enterprises, minority-owned small business enterprises and agriculture-related
20 small business enterprises."

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22 SECTION 2. Arkansas Code §15-5-703 is hereby amended to add the
23 following definitions:

24 "(14) 'Title IX Revolving Loan Funds' shall mean revolving loan funds
25 operated by regional planning and development districts and authorized by
26 Title IX of the Public Works and Economic Development Act of 1965, as amended
27 (Public Law No. 89-136)."

28 "(15) 'Small Business Investment Company' shall mean an entity which is
29 qualified as such under the provisions of Section 301 of the Small Business
30 Investment Act of 1958, as amended (15 U.S.C. § 681) and the regulations
31 promulgated thereunder."

32 "(16) 'Specialized Small Business Investment Company' shall mean an
33 entity which is qualified as such under the provisions of Section 301 (d) of
34 the Small Business Investment Act of 1958, as amended (15 U.S.C. § 681 (d),
35 and the regulations promulgated thereunder."

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1 SECTION 3. Arkansas Code §15-5-705 is hereby amended to read as
2 follows:

3 "15-5-705. Funding or Guarantee of Loans -- Conditions.

4 (a) Loans may be guaranteed when:

5 (1) The Authority deems the utilization of a loan guaranty in the
6 best interest of the economic development of the State of Arkansas;

7 (2) The amount in the Small Business Revolving Loan Fund
8 (excluding the unpaid portion of any direct loan made from the Fund in
9 accordance with Subsection (b) below) is sufficient to pay current calendar
10 debt service requirements on all guaranteed loans currently outstanding plus
11 the loan to be guaranteed;

12 (3) The small-business person is found to be financially
13 responsible and demonstrates that sufficient income may reasonably be expected
14 to be available to pay as they come due the amortization payments of the loan
15 and all normal operating expenses of the business; and

16 (4) A financial institution agrees to participate in the
17 financing package necessary to accomplish the project. Participation may
18 range from ten percent (10%) to fifty percent (50%) depending upon the project
19 and the requirement for funding.

20 (b) Direct loan may be made by the Authority from the Small Business
21 Revolving Loan Fund when:

22 (1) The Authority deems the making of a direct loan to be in the
23 best interest of the economic development of the State of Arkansas;

24 (2) The small-business person is found to be financially
25 responsible and demonstrates that sufficient income may be reasonably expected
26 to be available to pay as they come due the amortization payments on the loan
27 and the normal operating expenses of the business; and

28 (3) The assets remaining in the Small Business Revolving Loan
29 Fund (excluding the unpaid portion of any direct loan held by the Fund) shall
30 not be reduced by the making of the loan to an amount less than is required by
31 Subsection (a) (2) above for all then-outstanding guaranteed loans.

32 (c) In all events, the Authority shall not make direct loans to small
33 business persons which, in the aggregate, exceed at any one time 30% of the
34 total assets (including the unpaid portion of all direct loans made from the
35 Fund) of the Small Business Revolving Loan Fund."

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2 SECTION 4. Arkansas Code §15-5-706 is hereby amended to add the
3 following at the end of the existing paragraph:

4 "The Authority shall also be empowered to promulgate rules and
5 regulations for the handling of disbursements from and payments to the Small
6 Business Revolving Loan Fund and for the management and implementation of
7 programs provided in this Act (Sections 15-5-701 through 15-5-712)
8 specifically including the establishment of amounts to be made available for
9 small businesses in rural areas."

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11 SECTION 5. Arkansas Code §15-5-707 is amended by removing from such
12 section all references to the Federal Savings and Loan Insurance Corporation.

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14 SECTION 6. Arkansas Code of 1987 Annotated is hereby amended to add the
15 following:

16 "15-5-712. The Authority is hereby authorized to make grants, direct
17 loans or loan guaranties to new or existing Title IX Revolving Loan Funds,
18 Small Business Investment Companies or Specialized Small Business Investment
19 Companies."

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21 SECTION 7. All provisions of this act of a general and permanent nature
22 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
23 Revision Commission shall incorporate the same in the Code.

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25 SECTION 8. SEVERABILITY. If any provision of this Act or the
26 application thereof to any person or circumstance is held invalid, such
27 invalidity shall not affect other provisions or applications of the Act which
28 can be given effect without the invalid provision or application, and to this
29 end the provisions of this Act are declared to be severable.

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31 SECTION 9. GENERAL REPEALER. All laws and parts of laws in conflict
32 with this Act are hereby repealed.

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34 SECTION 10. EMERGENCY CLAUSE. It is hereby found and determined by the
35 Seventy-Eighth General Assembly of the State of Arkansas that there is an

1 urgent need to provide financing, especially in rural areas, for technology-
2 oriented small business enterprises, minority owned small business enterprises
3 and that such financing can be provided by the Arkansas Development Finance
4 Authority through the Small Business Revolving Loan Program. Therefore, an
5 emergency is hereby declared to exist and this Act being necessary for the
6 preservation of public peace, health, and safety shall be in full force and
7 effect from and after July 1, 1991.

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