

1 **State of Arkansas**
2 **79th General Assembly**
3 **Regular Session, 1993**
4 **By: Representative J. Miller**

A Bill

ACT 183 OF 1993
HOUSE BILL 1184

For An Act To Be Entitled

8 "AN ACT TO AMEND VARIOUS SECTIONS OF TITLE 15, CHAPTER 5,
9 SUBCHAPTER 7 OF THE ARKANSAS CODE OF 1987 ANNOTATED, AS
10 AMENDED, TO DEVELOP AN ALTERNATIVE METHOD OF APPROVAL FOR
11 SMALL BUSINESS REVOLVING LOANS; AND FOR OTHER PURPOSES."

Subtitle

14 **"AN ACT TO DEVELOP AN ALTERNATIVE METHOD OF**
15 **APPROVAL FOR SMALL BUSINESS REVOLVING LOANS."**

17 **BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:**

19 **SECTION 1. LEGISLATIVE FINDINGS AND DECLARATION OF PUBLIC** 20 **NECESSITY.**

21 **The General Assembly hereby finds:**

22 **(a) That the current approval process for loans under the Small Business Revolving**
23 **Loan Fund presents difficulties for execution with other lending institutions eligible for**
24 **participation in the project.**

25 **(b) That making small business loans for economic development is necessary for the**
26 **continued expansion of business within the state.**

27 **(c) That the economic well being of the citizens of the State of Arkansas will be**
28 **enhanced by providing additional loans for economic development.**

29 **For these reasons, the General Assembly hereby finds that there exists in the state an**
30 **immediate and urgent need to allow the Authority certain procedural changes to facilitate the**
31 **origination of economic development loans from the Small Business Revolving Loan Fund.**

33 **SECTION 2. Arkansas Code 15-5-703 is amended to read as follows:**

34 **"15-5-703. Definitions. As used herein, unless the context otherwise requires:**

35 **(1) _Act_ shall mean the Arkansas Development Finance Authority Small Business Act**
36 **of 1989;**

1 **(2) _ADFA Guaranty_ shall mean a special obligation of the Small Business Revolving**
 2 **Loan Fund;**

3 **(3) _ADFA loans_ shall mean direct loans from the Small Business Revolving Loan**
 4 **Fund or from direct loans made by the authority in accordance with provisions of the Arkansas**
 5 **Development Finance Authority Act, § 15-5-201 et seq.;**

6 **(4) _Agencies of the United States Government_ shall mean federal agencies**
 7 **empowered to make direct loans and provide guaranties backed by the United States**
 8 **Government;**

9 **(5) _Amortization payments_ shall mean periodic (monthly, semiannual, annual, etc.)**
 10 **payment of interest on, and installments of principal of, loans guaranteed by the Small**
 11 **Business Revolving Loan Fund;**

12 **(6) _Authority_ shall mean the Arkansas Development Finance Authority;**

13 **(7) _Board_ shall mean the board of directors of the authority;**

14 **(8) _Local financial institutions_ shall mean state and local agencies, banks, Arkansas**
 15 **savings and loans, Arkansas development finance corporations, and Arkansas certified**
 16 **development corporations;**

17 **(9) _Project_ shall mean the project for which proceeds of ADFA loans are utilized;**

18 **(10) _Small business_, for the purpose of this subchapter, shall mean business**
 19 **enterprises with fewer than fifty (50) employees and less than one million dollars**
 20 **(\$1,000,000) in gross sales or receipts;**

21 **(11) _Small-business person_ shall mean the individual, firm, or corporation, whether**
 22 **for profit or nonprofit, charged with developing the project;**

23 **(12) _Small Business Loan Committee_ shall mean a committee comprised of**
 24 **Authority staff members or board members or both appointed by the Chairman and approved**
 25 **by a majority vote of the board of directors of the Authority, which committee is to comply with**
 26 **standards and requirements set by the board in carrying out its function.**

27 **(13) _Small Business Revolving Loan Fund_ shall mean the fund created hereunder**
 28 **for the purpose of making direct loans and meeting amortization payments of loans guaranteed**
 29 **by the Small Business Revolving Loan Fund;**

30 **(14) _State_ shall mean the State of Arkansas;**

31 **(15) _Title IX revolving loan funds_ shall mean revolving loan funds operated by**
 32 **regional planning and development districts and authorized by Title IX of the Public Works**
 33 **and Economic Development Act of 1965, as amended (P.L. 89-136);**

34 **(16) _Small business investment company_ shall mean an entity which is qualified as**
 35 **such under the provisions of § 301 of the Small Business Investment Act of 1958, as amended,**

1 **15 U.S.C. § 681, and the regulations promulgated thereunder;**

2 **(17) _Specialized small business investment company_ shall mean an entity which is**
3 **qualified as such under the provisions of § 301(d) of the Small Business Investment Act of**
4 **1958, as amended, 15 U.S.C. § 681(d), and the regulations promulgated thereunder."**

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6 **SECTION 3. Arkansas Code 15-5-704 is amended to read as follows:**

7 **"15-5-704. Duty of authority.**

8 **The authority, in addition to all the duties and functions defined in the Arkansas**
9 **Development Finance Authority Act, § 15-5-201 et seq., is hereby empowered to approve or**
10 **deny by majority vote of the board of directors of the authority the applications for direct loans**
11 **and guaranties of obligations except that, at the discretion of the board, approvals for loans up**
12 **to any limit the board shall specify may be approved by the Small Business Loan Committee.**
13 **The Small Business Loan Committee shall report all such actions taken at the next meeting of**
14 **the Board."**

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16 **SECTION 4. Arkansas Code 15-5-708 is amended to read as follows:**

17 **"15-5-708. Applications - Supporting documents.**

18 **Each small-business person requesting a loan or guaranty hereunder shall submit to**
19 **the Arkansas Development Finance Authority an application, supporting documents, and**
20 **instruments as may be required by the rules and regulations promulgated by the Authority**
21 **pursuant to this subchapter and approved by a majority vote of the Board of Directors of the**
22 **Authority."**

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24 **SECTION 5. All provisions of this act of a general and permanent nature are**
25 **amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision**
26 **Commission shall incorporate the same in the Code.**

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28 **SECTION 6. If any provision of this act or the application thereof to any person or**
29 **circumstance is held invalid, such invalidity shall not affect other provisions or applications of**
30 **the act which can be given effect without the invalid provision or application, and to this end**
31 **the provisions of this act are declared to be severable.**

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33 **SECTION 7. All laws and parts of laws in conflict with this act are hereby repealed.**

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35 **SECTION 8. EMERGENCY CLAUSE. It is hereby found and determined by the**

1 **Seventy-Ninth General Assembly that there is an urgent need to facilitate additional economic**
2 **development loans to promote the continued expansion of industry within the state by**
3 **providing loans at the lowest possible interest cost. Therefore, an emergency is hereby**
4 **declared to exist and this act being necessary for the immediate preservation of the public**
5 **peace, health and safety shall be in full force and effect from and after its passage and approval.**

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APPROVED: 2/19/93