

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

# A Bill

**HOUSE BILL**

## **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 APPROVAL FOR  
15 SMALL BUSINESS REVOLVING LOANS."

16  
17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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

20 The General Assembly hereby finds:

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

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

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

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

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

35 "15-5-703. Definitions. As used herein, unless the context otherwise

1 requires:

2 (1) Act shall mean the Arkansas Development Finance Authority Small  
3 Business Act of 1989;

4 (2) ADFA Guaranty shall mean a special obligation of the Small  
5 Business Revolving Loan Fund;

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

10 (4) Agencies of the United States Government shall mean federal  
11 agencies empowered to make direct loans and provide guaranties backed by the  
12 United States Government;

13 (5) Amortization payments shall mean periodic (monthly, semiannual,  
14 annual, etc.) payment of interest on, and installments of principal of, loans  
15 guaranteed by the Small Business Revolving Loan Fund;

16 (6) Authority shall mean the Arkansas Development Finance Authority;

17 (7) Board shall mean the board of directors of the authority;

18 (8) Local financial institutions shall mean state and local agencies,  
19 banks, Arkansas savings and loans, Arkansas development finance corporations,  
20 and Arkansas certified development corporations;

21 (9) Project shall mean the project for which proceeds of ADFA loans  
22 are utilized;

23 (10) Small business, for the purpose of this subchapter, shall mean  
24 business enterprises with fewer than fifty (50) employees and less than one  
25 million dollars (\$1,000,000) in gross sales or receipts;

26 (11) Small-business person shall mean the individual, firm, or  
27 corporation, whether for profit or nonprofit, charged with developing the  
28 project;

29 (12) Small Business Loan Committee shall mean a committee comprised  
30 of Authority staff members or board members or both appointed by the Chairman  
31 and approved by a majority vote of the board of directors of the Authority,  
32 which committee is to comply with standards and requirements set by the board  
33 in carrying out its function.

34 (13) Small Business Revolving Loan Fund shall mean the fund created  
35 hereunder for the purpose of making direct loans and meeting amortization

1 payments of loans guaranteed by the Small Business Revolving Loan Fund;

2 (14) State shall mean the State of Arkansas;

3 (15) Title IX revolving loan funds shall mean revolving loan funds  
4 operated by regional planning and development districts and authorized by  
5 Title IX of the Public Works and Economic Development Act of 1965, as amended  
6 (P.L. 89-136);

7 (16) Small business investment company shall mean an entity which is  
8 qualified as such under the provisions of § 301 of the Small Business  
9 Investment Act of 1958, as amended, 15 U.S.C. § 681, and the regulations  
10 promulgated thereunder;

11 (17) Specialized small business investment company shall mean an  
12 entity which is qualified as such under the provisions of § 301(d) of the  
13 Small Business Investment Act of 1958, as amended, 15 U.S.C. § 681(d), and the  
14 regulations promulgated thereunder."

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

17 "15-5-704. Duty of authority.

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

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

28 "15-5-708. Applications - Supporting documents.

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

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35 SECTION 5. All provisions of this act of a general and permanent

1 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas  
2 Code Revision Commission shall incorporate the same in the Code.

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

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

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13       SECTION 8. EMERGENCY CLAUSE. It is hereby found and determined by the  
14 Seventy-Ninth General Assembly that there is an urgent need to facilitate  
15 additional economic development loans to promote the continued expansion of  
16 industry within the state by providing loans at the lowest possible interest  
17 cost. Therefore, an emergency is hereby declared to exist and this act being  
18 necessary for the immediate preservation of the public peace, health and  
19 safety shall be in full force and effect from and after its passage and  
20 approval.

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