

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

A BILL ACT 775 OF 1991
SENATE BILL 225

4 **By: Senators Bradford and Lewellen**

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For An Act To Be Entitled

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

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

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

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

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

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

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

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

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36 SECTION 3. Arkansas Code §15-5-705 is hereby amended to read as

1 follows:

2 "15-5-705. Funding or Guarantee of Loans -- Conditions.

3 (a) Loans may be guaranteed when:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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33 SECTION 10. EMERGENCY CLAUSE. It is hereby found and determined by the
34 Seventy-Eighth General Assembly of the State of Arkansas that there is an
35 urgent need to provide financing, especially in rural areas, for technology-

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

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APPROVED: 3/26/91

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