

BILL ANALYSIS

C.S.H.B. 3298
By: Rodriguez
Economic Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Community Development Financial Institutions (CDFI) are private-sector financial intermediaries with an emphasis on community development. Many CDFIs are federally certified small business lenders and utilize the Texas Department of Economic Development's Capital Access Program (CAP) that creates a loan loss reserve fund for small business lenders. Currently, the state provides a 150 percent match to the contributions to the Capital Access Program from participating small business lenders. HB 3298 allows federally certified CDFIs to receive a greater match and build their loan loss reserves more rapidly.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

CSHB 3298 amends the Government Code to require the Department of Economic Development to deposit, in the reserve account, an amount equal to 200 percent of amount deposited by the lender into the reserve account, if the lender is a federally certified community development financial institution.

CSHB 3298 amends the Government Code to authorize the Department of Economic Development to deposit, in the reserve account, up to eight percent of the amount of the loan, if the lender is a federally certified community development financial institution.

EFFECTIVE DATE

September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute is written in Legislative Council style and format.

The substitute restores the provision that the Department of Economic Development deposit, in the lender's reserve account, an amount equal to the lender's contribution if the lender has already enrolled loans in an amount greater than \$2million in the Capitol Access Program.