

By: Guillen

H.B. No. 2699

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to a program of grants and loans to provide capital for  
3 community development and economic development institutions in  
4 economically distressed and low-income areas.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Chapter 12, Finance Code, is amended by adding  
7 Subchapter C to read as follows:

8 SUBCHAPTER C. TEXAS COMMUNITY DEVELOPMENT INVESTMENT PROGRAM

9 Sec. 12.201. DEFINITIONS. In this subchapter:

10 (1) "Community development financial institution" has  
11 the meaning assigned by 12 U.S.C. Section 4702, as amended.

12 (2) "Community development investment" means a loan or  
13 grant made to a community development financial institution for the  
14 purpose of enhancing the provision of basic consumer financial  
15 services.

16 (3) "Community development loan" means a loan from a  
17 community development financial institution to a low-income  
18 business or nonprofit organization for the purpose of revitalizing  
19 a distressed community.

20 (4) "Eligible institution" means a community  
21 development financial institution meeting the minimum selection  
22 criteria described by 12 U.S.C. Section 4704, as amended.

23 (5) "Program" means the community investment program  
24 established under this subchapter.

1           Sec. 12.202. COMMUNITY INVESTMENT PROGRAM.

2 Notwithstanding any other law, the department shall establish a  
3 community investment program in which the department makes grants  
4 or interest-free loans to eligible institutions that use the money  
5 to make community development loans in distressed areas of the  
6 state or to assist low-income areas by providing basic consumer  
7 financial services.

8           Sec. 12.203. ELIGIBILITY. (a) The department shall  
9 determine the eligibility of an institution by verifying that the  
10 institution meets the minimum selection criteria described by 12  
11 U.S.C. Section 4704, as amended.

12           (b) The department may set a limit on the number of eligible  
13 institutions that may participate in the program.

14           (c) To participate in the program, an eligible institution  
15 must enter into a participation agreement with the department that  
16 sets out the terms and conditions under which the department will  
17 make a grant or loan to the eligible institution.

18           Sec. 12.204. CAPACITY BUILDING. (a) The department may  
19 make a grant to an institution or nonprofit organization to assist  
20 the institution or organization to:

21           (1) meet the minimum selection criteria described by  
22 12 U.S.C. Section 4704, as amended, or to otherwise obtain  
23 assistance under 12 U.S.C. 4701 et seq., as amended; and

24           (2) become an eligible institution and participate in  
25 the program.

26           (b) The department may make a grant to a nonprofit  
27 organization the department determines is performing activities

1 consistent with the goals of this subchapter to provide the  
2 organization operating support, technical assistance, and training  
3 assistance.

4 Sec. 12.205. RULEMAKING AUTHORITY. The finance commission  
5 shall adopt rules relating to the implementation of the program and  
6 any other rules necessary to accomplish the purposes of this  
7 subchapter.

8 Sec. 12.206. APPLICATION. (a) An eligible institution may  
9 file a grant or loan application with the department. The  
10 application must be in a form approved by the department and include  
11 a plan of investment that includes the type and number of community  
12 development loans or investments that the institution plans to make  
13 using money from the program.

14 (b) The department shall act on a completed application not  
15 later than the 30th day after the date on which the application is  
16 filed with the department.

17 Sec. 12.207. OWNERSHIP OF INCOME. All income received on a  
18 loan or investment made with money received under the program is the  
19 property of the eligible institution that makes the loan or  
20 investment.

21 Sec. 12.208. SEMIANNUAL REPORT. (a) Not later than the  
22 30th day after the expiration of each six-month period for which  
23 there is a participation agreement in effect between the department  
24 and an eligible institution, the eligible institution shall submit  
25 a report to the department that states in detail the status of each  
26 investment or loan made under the program.

27 (b) The report must be in a form prescribed by the

1 department and must contain all information required by the  
2 department as part of the institution's participation agreement.

3 Sec. 12.209. ANNUAL AUDIT. The participation agreement  
4 entered into between the eligible institution and the department  
5 must provide for an annual audit. The finance commission shall  
6 adopt rules relating to the format of the audit, including rules  
7 allowing not more than \$5,000 of the amount received by the eligible  
8 institution under the program to be used to finance the audit.

9 SECTION 2. This Act takes effect September 1, 2003.