

By: Shapleigh

S.B. No. 654

A BILL TO BE ENTITLED

AN ACT

relating to access to capital and other funds by individuals and new businesses in this state.

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

SECTION 1. Subtitle Z, Title 3, Finance Code, is amended by adding Chapter 278 to read as follows:

CHAPTER 278. ACCESS TO FINANCIAL CAPITAL

Sec. 278.001. DUTY OF CERTAIN AGENCIES TO PREPARE STRATEGIC PLAN CONCERNING ACCESS TO FINANCIAL CAPITAL. The Finance Commission of Texas, the Texas Department of Economic Development, and the Texas Department of Housing and Community Affairs shall jointly prepare a biennial strategic plan relating to access to capital in unserved and underserved areas of the state.

Sec. 278.002. SUBMISSION OF PLAN AND RECOMMENDATIONS. Not later than November 1 of each even-numbered year, the agencies shall jointly:

(1) submit the strategic plan required by this chapter to the lieutenant governor, the speaker of the house of representatives, and the presiding officers of the senate business and commerce and house business and industry committees; and

(2) make recommendations on actions that the legislature may take to improve access to capital in unserved and underserved areas of the state.

Sec. 278.003. CONTENTS OF PLAN. The strategic plan must:

1           (1) define and identify unserved and underserved areas  
2 in the state with regard to housing ownership, small business  
3 loans, availability of venture capital, lending options, and other  
4 relevant financial capital issues;

5           (2) quantify community investment and lending  
6 resources available by location in the state;

7           (3) develop specific targets and plans for increasing  
8 investment in unserved and underserved areas; and

9           (4) enlist private financial institutions to use the  
10 strategic plan to set institutional targets.

11           Sec. 278.004. FINANCIAL CAPITAL INFORMATION AVAILABLE ON  
12 INTERNET. The agencies shall create and maintain an Internet site  
13 through the Texas Online government portal or any successor to that  
14 portal that includes:

15           (1) a list of traditional and nontraditional sources  
16 for loans that can be searched by a borrower based on the borrower's  
17 financial characteristics;

18           (2) advice to small businesses on how to develop a  
19 business plan;

20           (3) advice on how to enhance credit scores;

21           (4) advice on how to establish a relationship with a  
22 financial institution;

23           (5) information on interest rates available in the  
24 state;

25           (6) information on the cost of loans available to  
26 borrowers of varied risk levels in the state;

27           (7) information on how to compare mortgage loans

1 available in the state;

2 (8) information regarding lending practices of  
3 specific lenders in the state; and

4 (9) links to relevant consumer financial websites.

5 Sec. 278.005. INTEGRATED BUDGET. The agencies shall work  
6 together to determine whether an integrated budget is appropriate  
7 and necessary for purposes of creating the strategic plan required  
8 by this chapter. If the agencies determine that an integrated  
9 budget is appropriate and necessary, the agencies shall present to  
10 the Legislative Budget Board recommendations concerning the  
11 distribution of funds to each of the agencies.

12 SECTION 2. (a) Subtitle Z, Title 3, Finance Code, is  
13 amended by adding Chapter 279 to read as follows:

14 CHAPTER 279. COMMUNITY REINVESTMENT PLANS

15 Sec. 279.001. DEFINITIONS. In this chapter:

16 (1) "Community development financial institution" has  
17 the meaning assigned by Section 103(5) of the Community Development  
18 Banking and Financial Institutions Act of 1994 (12 U.S.C. Section  
19 4702), as amended.

20 (2) "Community reinvestment plan" means an annual  
21 community reinvestment strategic plan developed and implemented by  
22 a lender under this chapter.

23 (3) "Finance commission" means the Finance Commission  
24 of Texas.

25 (4) "Underserved area" means an investment area as  
26 defined by Section 103(16), of the Community Development Banking  
27 and Financial Institutions Act of 1994 (12 U.S.C. Section 4702), as

1 amended.

2 Sec. 279.002. APPLICABILITY. This chapter applies only to  
3 a lender that is subject to a corporate franchise tax.

4 Sec. 279.003. COMMUNITY REINVESTMENT STRATEGIC PLAN. A  
5 lender, in accordance with rules adopted by the finance commission  
6 under Section 279.005, may develop and implement an annual  
7 community reinvestment strategic plan in order to be eligible to  
8 receive a tax credit as provided by Section 279.004. A lender's  
9 plan must include the lender's specific targets for the expenditure  
10 of funds for community reinvestment purposes, including:

11 (1) lending money to borrowers in underserved areas in  
12 the state;

13 (2) investing in or with nonprofit lending  
14 institutions for lending activities in underserved areas in the  
15 state; and

16 (3) investing in or with community development  
17 financial institutions.

18 Sec. 279.004. TAX CREDIT. A lender must meet each of the  
19 targets set by the lender's community reinvestment plan, as  
20 certified by rule of the finance commission, in order to be eligible  
21 for a tax credit as provided by Subchapter V, Chapter 171, Tax Code.

22 Sec. 279.005. DUTIES OF FINANCE COMMISSION; RULEMAKING  
23 AUTHORITY. (a) The finance commission, in consultation with the  
24 Texas Department of Economic Development and the Texas Department  
25 of Housing and Community Affairs, shall assist lenders in  
26 identifying and setting community reinvestment targets for the  
27 submission of community reinvestment plans.

1       (b) The finance commission shall adopt policies and rules as  
2 necessary to implement this chapter, including policies and rules  
3 that:

4           (1) provide lenders with specific guidelines and  
5 procedures for the adoption and submission to the commission of  
6 community reinvestment plans, including a reasonable time frame for  
7 implementation of the plan; and

8           (2) create a certification process for lenders that  
9 meets each of the targets set under their respective plan.

10       (c) The finance commission may consult with and request  
11 information relevant to this chapter from the Texas Department of  
12 Economic Development and the Texas Department of Housing and  
13 Community Affairs. In developing rules and policies under this  
14 section, the commission shall consider any information obtained  
15 under this subsection.

16       Sec. 279.006. INTERNET POSTING. (a) A lender may post the  
17 lender's community reinvestment plan on any Internet website  
18 maintained by the lender. The plan must be posted in a format that  
19 is readily accessible to and understandable by a member of the  
20 public. The lender shall notify the finance commission if it posts  
21 a plan.

22       (b) The finance commission shall maintain on the  
23 commission's Internet website a link to each lender's community  
24 reinvestment plan that is posted on the Internet.

25       (b) Chapter 171, Tax Code, is amended by adding Subchapter V  
26 to read as follows:

1       SUBCHAPTER V. TAX CREDIT FOR ACHIEVING COMMUNITY REINVESTMENT

2                       TARGETS

3       Sec. 171.901. APPLICATION OF SUBCHAPTER. This subchapter  
4 applies only to a corporation that is certified by the Finance  
5 Commission of Texas as having met the targets of a community  
6 reinvestment plan submitted by the corporation under Chapter 279,  
7 Finance Code.

8       Sec. 171.902. CREDIT. A corporation that meets the  
9 eligibility requirements under this subchapter is entitled to a  
10 credit in the amount allowed by this subchapter against the tax  
11 imposed under this chapter.

12       Sec. 171.903. CREDIT FOR EXPENDITURE. A corporation may  
13 claim a credit under this subchapter only for a qualifying  
14 expenditure relating to the implementation of the corporation's  
15 community reinvestment plan. A qualifying expenditure includes an  
16 expenditure of funds described by Section 279.003, Finance Code.

17       Sec. 171.904. LIMITATION. (a) The total credit claimed  
18 under this subchapter for a period may not exceed 15 percent of the  
19 amount of franchise tax due for the report after any other  
20 applicable tax credits.

21       (b) A corporation may claim a credit under this subchapter  
22 for a contribution made during an accounting period only against  
23 the tax owed for the corresponding reporting period.

24       Sec. 171.905. APPLICATION FOR CREDIT. (a) A corporation  
25 must apply for a credit under this subchapter on or with the tax  
26 report for the period for which the credit is claimed.

27       (b) The comptroller shall adopt a form for the application

1 for the credit. A corporation must use this form in applying for  
2 the credit.

3 Sec. 171.906. ASSIGNMENT PROHIBITED. A corporation may not  
4 convey, assign, or transfer the credit allowed under this  
5 subchapter to another entity unless all of the assets of the  
6 corporation are conveyed, assigned, or transferred in the same  
7 transaction.

8 (c) Subchapter V, Chapter 171, Tax Code, as added by this  
9 section, applies only to a report due on or after January 1, 2004.

10 (d) A corporation may claim a credit under Subchapter V,  
11 Chapter 171, Tax Code, as added by this section, only for a  
12 qualified expenditure made on or after January 1, 2004.

13 (e) Not later than November 1, 2003, the Finance Commission  
14 of Texas shall adopt rules under Chapter 279, Finance Code, as added  
15 by this section.

16 SECTION 3. (a) Section 393.001, Finance Code, is amended by  
17 amending Subdivisions (1) and (3) and adding Subdivision (5) to  
18 read as follows:

19 (1) "Consumer" means an individual who is solicited to  
20 purchase or who purchases the services, including debt-pooling  
21 services, of a credit services organization.

22 (3) "Credit services organization" means a person who:  
23 (A) provides, or represents that the person can  
24 or will provide, for the payment of valuable consideration any of  
25 the following services with respect to the extension of consumer  
26 credit by others:

27 (i) [~~A~~] improving a consumer's credit

1 history or rating;

2 (ii) [~~(B)~~] obtaining an extension of  
3 consumer credit for a consumer; or

4 (iii) [~~(C)~~] providing advice or assistance  
5 to a consumer with regard to Subparagraph (i) or (ii); or

6 (B) enters into a valid debt-pooling contract  
7 with a consumer under Subchapter B, Chapter 394 [~~Paragraph (A) or~~  
8 ~~(B)~~].

9 (5) "Office" means the Office of Consumer Credit  
10 Commissioner.

11 (b) Section 393.002, Finance Code, is amended by amending  
12 Subsection (a) and adding Subsection (c) to read as follows:

13 (a) Except as provided by Subsection (c), this [~~This~~]  
14 chapter does not apply to:

15 (1) a person:

16 (A) authorized to make a loan or grant an  
17 extension of consumer credit under the laws of this state or the  
18 United States; and

19 (B) subject to regulation and supervision by this  
20 state or the United States;

21 (2) a lender approved by the United States secretary  
22 of housing and urban development for participation in a mortgage  
23 insurance program under the National Housing Act (12 U.S.C. Section  
24 1701 et seq.);

25 (3) a bank or savings association the deposits or  
26 accounts of which are eligible to be insured by the Federal Deposit  
27 Insurance Corporation or a subsidiary of the bank or association;



1 (4) a credit union doing business in this state;

2 (5) a nonprofit organization exempt from taxation  
3 under Section 501(c)(3), Internal Revenue Code of 1986 (26 U.S.C.  
4 Section 501(c)(3));

5 (6) a real estate broker or salesman licensed under  
6 The Real Estate License Act (Article 6573a, Vernon's Texas Civil  
7 Statutes) who is acting within the course and scope of that license;

8 (7) an individual licensed to practice law in this  
9 state who is acting within the course and scope of the individual's  
10 practice as an attorney;

11 (8) a broker-dealer registered with the Securities and  
12 Exchange Commission or the Commodity Futures Trading Commission  
13 acting within the course and scope of that regulation;

14 (9) a consumer reporting agency;

15 (10) a person whose primary business is making loans  
16 secured by liens on real property; or

17 (11) a mortgage broker or loan officer licensed under  
18 Chapter 156 [~~Finance Code~~] who is acting within the course and  
19 scope of that license.

20 (c) This chapter applies to any person, including a person  
21 listed in Subsection (a), who enters into a valid debt-pooling  
22 contract with a consumer under Subchapter B, Chapter 394.

23 (c) Sections 393.101(a), (c), and (d), Finance Code, are  
24 amended to read as follows:

25 (a) Before conducting business in this state, a credit  
26 services organization shall register with the office [~~secretary of~~  
27 ~~state~~] by filing a statement that:

1           (1) contains the name and address of:  
2                 (A) the organization; and  
3                 (B) each person who directly or indirectly owns  
4 or controls at least 10 percent of the outstanding shares of stock  
5 in the organization; and

6           (2) fully discloses any litigation or unresolved  
7 complaint relating to the operation of the organization filed with  
8 a governmental authority of this state or contains a notarized  
9 statement that there has been no litigation or unresolved complaint  
10 of that type.

11           (c) The office [~~secretary of state~~] may not require an  
12 organization to provide information other than information  
13 contained in the registration statement.

14           (d) A registration certificate expires on the first  
15 anniversary of its date of issuance. A registered credit services  
16 organization may renew a registration certificate by filing a  
17 renewal application, in the form prescribed by the office  
18 [~~secretary of state~~], and paying the renewal fee.

19           (d) Section 393.104, Finance Code, is amended to read as  
20 follows:

21           Sec. 393.104. FILING FEE. The office [~~secretary of state~~]  
22 may charge a credit services organization a reasonable fee to cover  
23 the cost of filing a registration statement or renewal application  
24 in an amount not to exceed \$100.

25           (e) Section 393.401(b), Finance Code, is amended to read as  
26 follows:

27           (b) A copy of the bond shall be filed with the office

1 ~~[secretary of state]~~.

2 (f) Section 393.402(b), Finance Code, is amended to read as  
3 follows:

4 (b) The name of the depository and the trustee and the  
5 account number of the surety account must be filed with the office  
6 ~~[secretary of state]~~.

7 (g) Section 393.407, Finance Code, is amended to read as  
8 follows:

9 Sec. 393.407. PAYMENT OF MONEY IN SURETY ACCOUNT TO CREDIT  
10 SERVICES ORGANIZATION. (a) A depository may not pay money in a  
11 surety account to the credit services organization that established  
12 the account or a representative of the organization unless the  
13 organization or representative presents a statement issued by the  
14 office ~~[secretary of state]~~ indicating that the requirement of  
15 Section 393.406 has been satisfied in relation to the account.

16 (b) The office ~~[secretary of state]~~ may conduct an  
17 investigation and require information to be submitted as necessary  
18 to enforce this section.

19 (h) On September 1, 2003:

20 (1) all functions and activities performed by the  
21 secretary of state that relate to the registration of credit  
22 services organizations under Chapter 393, Finance Code,  
23 immediately before that date are transferred to the Office of  
24 Consumer Credit Commissioner;

25 (2) a rule or form adopted by the secretary of state  
26 that relates to the registration of credit services organizations  
27 under Chapter 393, Finance Code, is a rule or form of the Office of

1 Consumer Credit Commissioner and remains in effect until altered by  
2 the Office of Consumer Credit Commissioner;

3 (3) a reference in law to the secretary of state that  
4 relates to the registration of credit services organizations under  
5 Chapter 393, Finance Code, means the Office of Consumer Credit  
6 Commissioner;

7 (4) a proceeding involving the secretary of state that  
8 relates to the registration of credit services organizations under  
9 Chapter 393, Finance Code, is transferred without change in status  
10 to the Office of Consumer Credit Commissioner, and the office  
11 assumes without a change in status the position of the secretary of  
12 state in a proceeding relating to the registration of credit  
13 services organizations to which the secretary of state is a party;

14 (5) all money, contracts, leases, rights, and  
15 obligations of the secretary of state that relate to the  
16 registration of credit services organizations under Chapter 393,  
17 Finance Code, are transferred to the Office of Consumer Credit  
18 Commissioner;

19 (6) all property, including records, in the custody of  
20 the secretary of state that relates to the registration of credit  
21 services organizations under Chapter 393, Finance Code, becomes  
22 property of the Office of Consumer Credit Commissioner; and

23 (7) all funds appropriated by the legislature to the  
24 secretary of state that relate to the registration of credit  
25 services organizations under Chapter 393, Finance Code, are  
26 transferred to the Office of Consumer Credit Commissioner.

27 (i) Money collected by the secretary of state for fees

1 related to registration statements and renewal applications  
2 pending before the secretary of state on September 1, 2003, are  
3 transferred to the Office of Consumer Credit Commissioner on that  
4 date. The fees may not be assessed again for the same statement or  
5 application.

6 SECTION 4. (a) Title 5, Finance Code, is amended by adding  
7 Chapter 397 to read as follows:

8 CHAPTER 397. DISCLOSURE OF INFORMATION TO CONSUMERS IN  
9 CERTAIN HOME LOAN CONTRACTS

10 SUBCHAPTER A. GENERAL PROVISIONS

11 Sec. 397.001. DEFINITIONS. In this chapter:

12 (1) "Consumer reporting agency" and "credit score"  
13 have the meanings assigned by Section 20.01, Business & Commerce  
14 Code.

15 (2) "Enterprise" means the Federal National Mortgage  
16 Association or the Federal Home Loan Corporation or an affiliate of  
17 the association or corporation.

18 (3) "Residential mortgage loan" means a loan,  
19 including a home equity loan, to or for the benefit of one or more  
20 individuals made primarily for personal, family, or household use  
21 and primarily secured by a mortgage on residential real property.

22 (4) "Residential real property" means real property  
23 that consists of at least one but not more than four residential  
24 units.

25 [Sections 397.002-397.050 reserved for expansion]

26 SUBCHAPTER B. CREDIT SCORE DISCLOSURE

27 Sec. 397.051. APPLICABILITY OF SUBCHAPTER. This subchapter

1 applies only to a person other than an enterprise who:

2 (1) is engaged in the business of making or arranging a  
3 residential mortgage loan; and

4 (2) uses a credit score in connection with an  
5 application initiated by a prospective borrower.

6 Sec. 397.052. DISCLOSURE OF CREDIT SCORE AND OTHER  
7 INFORMATION. (a) As soon as reasonably practicable, a lender  
8 shall provide to a prospective borrower:

9 (1) the borrower's credit score that the lender:

10 (A) used or will use in determining whether to  
11 make the loan; or

12 (B) obtained from a consumer reporting agency,  
13 regardless of whether the lender uses that score to make the loan;  
14 and

15 (2) the following notice in type that is boldfaced,  
16 capitalized, underlined, or otherwise set out from surrounding  
17 material so as to be conspicuous:

18 NOTICE TO HOME LOAN APPLICANT

19 In connection with your application for a loan, the  
20 lender must disclose to you the credit score that a  
21 lender used or a credit bureau may have distributed to  
22 the lender for use in connection with your loan, and  
23 the key factors affecting your credit score, if any.  
24 The credit score is a summary computed at the time of  
25 the loan request and based on information a credit  
26 bureau or lender has on file regarding your credit  
27 history and payment patterns. A credit score is

1 important because it is used by the lender to determine  
2 whether you will obtain a loan and may be used to  
3 determine what interest rate you may be offered on the  
4 loan. Because your credit score can change over time,  
5 it is very important that you review the  
6 credit-related information that is being furnished to  
7 you to make sure it is accurate. Your credit record  
8 may vary from one company to another. If you have a  
9 question regarding your credit score or other credit  
10 information that is furnished to you, you should  
11 contact the credit bureau at the address and telephone  
12 number provided with this notice, or contact the  
13 lender directly, if the lender developed the credit  
14 score. A credit bureau does not participate directly  
15 in the decision to make a loan and is not able to  
16 provide you with the specific reasons for the granting  
17 or denial of a loan. If you have a question regarding  
18 this disclosure statement or the terms of the loan, you  
19 should contact the lender.

20 (b) The notice required by Subsection (a)(2) must include  
21 the name, address, and telephone number of each consumer reporting  
22 agency that submitted the customer's credit score that was used by  
23 the lender to comply with Subsection (a).

24 (c) The lender shall disclose to a prospective borrower any  
25 numerical credit score that is generated by an automated  
26 underwriting system used by an enterprise if that score is  
27 disclosed to the lender.

1       (d) A prospective borrower's credit score disclosed under  
2 Subsection (a)(1)(B) must include any key factors, not to exceed  
3 four, that may have adversely affected that credit score if the  
4 lender used another credit score in its determination to make the  
5 loan to the borrower or uses an automated underwriting system to  
6 underwrite the loan. For purposes of this subsection, "key  
7 factors" has the meaning assigned by Section 20.035, Business &  
8 Commerce Code.

9       Sec. 397.053. EXEMPTION FROM DISCLOSURE REQUIREMENT. The  
10 lender is not required to provide the disclosure and other  
11 information required by this chapter if the prospective borrower  
12 has received the same information for that loan transaction from  
13 another person.

14       Sec. 397.054. DUTY OF PROSPECTIVE BORROWER. At the time a  
15 loan transaction is initiated, a prospective borrower shall  
16 disclose to the lender, at the lender's request, whether the  
17 borrower has received or is in the process of receiving the  
18 disclosure and other information required by this chapter from a  
19 consumer reporting agency or another person.

20       Sec. 397.055. DUTIES OF LENDER. A lender is not required  
21 to:

22               (1) explain the information disclosed under Section  
23 397.052(a)(1);

24               (2) disclose a credit score or related information  
25 obtained by the lender after the date on which the loan is closed;  
26 or

27               (3) provide more than one disclosure for each loan



1 transaction.

2 Sec. 397.056. LIABILITY OF LENDER. (a) A lender may not  
3 be held liable under this subchapter for:

4 (1) the content of any information the lender obtains  
5 from a consumer reporting agency or any other person about a  
6 prospective borrower; or

7 (2) the omission of any information from a credit file  
8 provided by a consumer reporting agency to the lender or a  
9 prospective borrower under this subchapter.

10 (b) A lender may not be held liable under a contractual  
11 provision for disclosure of a credit score.

12 Sec. 397.057. WAIVER PROHIBITED. A provision in a contract  
13 that prohibits a lender from disclosing a credit score as required  
14 by this subchapter is void.

15 Sec. 397.058. VIOLATION OF SUBCHAPTER. A person who  
16 violates this subchapter commits an offense. An offense under this  
17 section is a Class C misdemeanor.

18 (b) Section 20.01, Business & Commerce Code, is amended by  
19 adding Subdivision (5-1) to read as follows:

20 (5-1) "Credit score" means a numerical value or  
21 category derived from a statistical measure or model used by a  
22 person who makes or arranges a loan to evaluate a prospective  
23 borrower's creditworthiness to predict the likelihood of negative  
24 performance under a contract for credit, including default. The  
25 term does not include:

26 (A) a mortgage score or rating of an automated  
27 underwriting system in which a factor other than credit

1 information, such as the loan-to-value ratio, the amount of a down  
2 payment, or a consumer's financial assets, is considered in  
3 computing the score or rating; or

4 (B) another element of the underwriting process  
5 or decision.

6 (c) The heading to Section 20.03, Business & Commerce Code,  
7 is amended to read as follows:

8 Sec. 20.03. DISCLOSURE OF [DISCLOSURES TO] CONSUMER FILE.

9 (d) Section 20.03, Business & Commerce Code, is amended by  
10 adding Subsection (d) to read as follows:

11 (d) If a consumer requests a consumer file without  
12 requesting a consumer score, the consumer reporting agency shall  
13 provide to the consumer a statement indicating that the consumer is  
14 entitled to receive a credit score as provided by Section 20.035.

15 (e) Chapter 20, Business & Commerce Code, is amended by  
16 adding Section 20.035 to read as follows:

17 Sec. 20.035. DISCLOSURE OF CREDIT SCORE. (a) This section  
18 applies only to a consumer reporting agency that:

19 (1) distributes a credit score that is used in  
20 connection with a residential real property loan; or

21 (2) develops a credit score that assists a credit  
22 provider in evaluating a consumer's general creditworthiness and  
23 predicting the consumer's future credit standing.

24 (b) On request for a credit score and presentation of proper  
25 identification provided by a consumer, a consumer reporting agency  
26 shall provide:

27 (1) the consumer's current credit score or the

1 consumer's most recent credit score that was previously computed by  
2 the agency for a purpose related to the extension of credit;

3 (2) the range of possible credit scores under the  
4 measure or model used;

5 (3) the four most important key factors, if any;

6 (4) the date on which the credit score was created;

7 (5) the name of the person or entity that provided the  
8 credit score or credit file on which the credit score was based; and

9 (6) a statement indicating that the information and  
10 credit scoring model may be different than the credit score that may  
11 be used by the lender.

12 (c) In complying with Subsection (b)(1), a consumer  
13 reporting agency shall provide to the consumer a credit score that:

14 (1) is derived from a model that is widely distributed  
15 to users by the agency in connection with residential real property  
16 loans; or

17 (2) assists a consumer in understanding the credit  
18 score assessment of the consumer's creditworthiness and  
19 predictions about the consumer's future credit standing.

20 (d) The information required by this section must be  
21 disclosed within the same time and in the same manner as a  
22 consumer's credit file is required to be disclosed under this  
23 chapter.

24 (e) A consumer reporting agency that distributes a credit  
25 score developed by another person or entity is not required to  
26 provide a further explanation of that score. The agency shall  
27 provide the consumer with the name, the address, and any electronic

1 mail address for contacting the person or entity who developed the  
2 credit score or the credit score's methodology.

3 (f) This section may not be construed to require a consumer  
4 reporting agency to maintain a credit score in a consumer's credit  
5 file.

6 (g) In this section, "key factors" means all relevant  
7 reasons adversely affecting an individual's credit score that are  
8 listed in the order of importance based on their effect on the  
9 credit score.

10 (f) Section 20.04, Business & Commerce Code, is amended by  
11 adding Subsection (c) to read as follows:

12 (c) A consumer reporting agency may impose a reasonable  
13 charge for the disclosure of a credit score. The amount of the  
14 charge may not exceed the amount of a charge imposed under  
15 Subsection (a).

16 SECTION 5. (a) Subchapter B, Government Code, is amended  
17 by adding Section 481.030 to read as follows:

18 Sec. 481.030. REDISTRIBUTION OF CERTAIN COMMUNITY  
19 DEVELOPMENT OR REINVESTMENT FUNDS. (a) The department, not  
20 earlier than the 90th day before the end of each fiscal year, shall  
21 determine the amount of each appropriation or other funds of the  
22 department intended for the administration of community  
23 reinvestment or community development programs or activities that  
24 will remain unexpended or unobligated at the end of the fiscal year.

25 (b) Before the end of the fiscal year, the department shall  
26 distribute each amount determined under Subsection (a), if any, to  
27 a community development center, community development financial

1 institution, or other similar entity that agrees to use the amount  
2 under the direction of the department for any purpose for which the  
3 appropriation was made or the funds were intended.

4 (b) Subchapter E, Chapter 2306, Government Code, is amended  
5 by adding Section 2306.101 to read as follows:

6 Sec. 2306.101. REDISTRIBUTION OF CERTAIN COMMUNITY  
7 DEVELOPMENT OR REINVESTMENT FUNDS. (a) The department, not  
8 earlier than the 90th day before the end of each fiscal year, shall  
9 determine the amount of each appropriation or other funds of the  
10 department intended for the administration of community  
11 reinvestment or community development programs or activities that  
12 will remain unexpended or unobligated at the end of the fiscal year.

13 (b) Before the end of the fiscal year, the department shall  
14 distribute each amount determined under Subsection (a), if any, to  
15 a community development center, community development financial  
16 institution, or other similar entity that agrees to use the amount  
17 under the direction of the department for any purpose for which the  
18 appropriation was made or the funds were intended.

19 SECTION 6. Section 481.198, Government Code, is amended to  
20 read as follows:

21 Sec. 481.198. MARKETING. (a) The department shall  
22 aggressively promote the linked deposit program established by this  
23 subchapter to eligible borrowers and financial institutions that  
24 make commercial loans and are depositories of state funds. The  
25 department's promotion efforts shall be designed to maximize use of  
26 the program.

27 (a-1) The department shall provide information on the linked

1 deposit program in English and in Spanish on the department's  
2 Internet website.

3 (b) Not later than January 1 of each odd-numbered year, the  
4 department shall prepare and deliver to the governor, lieutenant  
5 governor, speaker of the house of representatives, and clerks of  
6 the standing committees of the senate and house of representatives  
7 with primary jurisdiction over commerce and economic development a  
8 report concerning the department's efforts in promoting the linked  
9 deposit program during the preceding two years.

10 (c) The report required by Subsection (b) must include:

11 (1) any factors identified by the department that may  
12 inhibit the use of the linked deposit program; and

13 (2) any recommended action for increasing the use of  
14 the linked deposit program.

15 SECTION 7. Subchapter BB, Chapter 481, Government Code, is  
16 amended by adding Section 481.415 to read as follows:

17 Sec. 481.415. COMMUNITY INVESTMENT PROGRAM. (a) In this  
18 section:

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

21 (2) "Community development investment" means a loan or  
22 grant made to a community development financial institution for the  
23 purpose of enhancing the provision of basic consumer financial  
24 services.

25 (3) "Community development loan" means a loan from a  
26 community development financial institution to a low-income  
27 business or nonprofit organization for the purpose of revitalizing

1 a distressed community.

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

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

11 (c) The department shall determine the eligibility of an  
12 institution by verifying that the institution meets the minimum  
13 selection criteria described by 12 U.S.C. Section 4704, as amended.  
14 The department may set a limit on the number of eligible  
15 institutions that may participate in the community investment  
16 program. To participate in the community investment program, an  
17 eligible institution must enter into a participation agreement with  
18 the department that sets out the terms and conditions under which  
19 the department will make a grant or loan to the eligible  
20 institution.

21 (d) The department may make a grant to an institution or  
22 nonprofit organization to assist the institution or organization  
23 to:

24 (1) meet the minimum selection criteria described by  
25 12 U.S.C. Section 4704, as amended, or to otherwise obtain  
26 assistance under 12 U.S.C. Section 4701 et seq., as amended; and

27 (2) become an eligible institution and participate in

1 the community investment program.

2 (e) The department may make a grant to a nonprofit  
3 organization the department determines is performing activities  
4 consistent with the goals of this section to provide the  
5 organization operating support, technical assistance, and training  
6 assistance.

7 (f) The department shall adopt rules relating to the  
8 implementation of the community investment program and any other  
9 rules necessary to accomplish the purposes of this section.

10 (g) An eligible institution may file a grant or loan  
11 application with the department. The application must be in a form  
12 approved by the department and include a plan of investment that  
13 includes the type and number of community development loans or  
14 investments that the institution plans to make using money from the  
15 community investment program. The department shall act on a  
16 completed application not later than the 30th day after the date on  
17 which the application is filed with the department.

18 (h) All income received on a loan or investment made with  
19 money received under the community investment program is the  
20 property of the eligible institution that makes the loan or  
21 investment.

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



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

4 (j) The participation agreement between the eligible  
5 institution and the department must provide for an annual audit.  
6 The department shall adopt rules relating to the format of the  
7 audit, including rules allowing not more than \$5,000 of the amount  
8 received by the eligible institution under the community investment  
9 program to be used to finance the audit.

10 SECTION 8. (a) Subchapter B, Chapter 531, Government Code,  
11 is amended by adding Section 531.063 to read as follows:

12 Sec. 531.063. ELIGIBILITY FOR PUBLIC ASSISTANCE: EXCLUSION  
13 OF CERTAIN INCOME AND RESOURCES. (a) In this section, "individual  
14 development account" has the meaning assigned by 42 U.S.C. Section  
15 604(h)(2), as amended.

16 (b) To the extent authorized by federal law, the commission  
17 and each health and human services agency may not consider money  
18 contributed to an individual development account established for a  
19 recipient of public assistance benefits as income or the balance of  
20 the account as a resource in determining whether the recipient  
21 meets household income and resource requirements for eligibility  
22 for public assistance benefits.

23 (c) This section applies to an individual development  
24 account established for certain low-income individuals under the  
25 pilot program required by Section 301.068, Labor Code.

26 (b) If before implementing any provision of Section  
27 531.063, Government Code, as added by this section, a state agency

1 determines that a waiver or authorization from a federal agency is  
2 necessary for implementation of that provision, the agency affected  
3 by the provision shall request the waiver or authorization and may  
4 delay implementing that provision until the waiver or authorization  
5 is granted.

6 (c) Section 531.063, Government Code, as added by this  
7 section, applies to a person receiving public assistance benefits  
8 on or after that date, regardless of the date on which eligibility  
9 for those benefits was determined.

10 SECTION 9. (a) Subchapter B, Chapter 1372, Government  
11 Code, is amended by adding Section 1372.0262 to read as follows:

12 Sec. 1372.0262. RECOMMENDED ALLOCATION FOR HOUSING FINANCE  
13 CORPORATIONS. (a) In this section, "economic submarket" and  
14 "geographic submarket" have the meanings assigned by Section  
15 2306.004.

16 (b) In the state fiscal year beginning on September 1, 2004,  
17 and in each subsequent state fiscal year, a housing finance  
18 corporation shall attempt to allocate not less than 40 percent of  
19 its total single-family mortgage revenue bond loan volume to meet  
20 the credit needs of borrowers in underserved economic and  
21 geographic submarkets in the state, as indicated by the market  
22 study results provided to the Bond Review Board under Section  
23 2306.142.

24 (c) The housing finance corporation annually shall report  
25 to the Bond Review Board and to the Texas Department of Housing and  
26 Community Affairs on the extent to which the corporation achieves  
27 the goals of this section in a state fiscal year. If, in any state

1 fiscal year, the housing finance corporation fails to achieve the  
2 goals of this section, the corporation shall include in its report  
3 the reasons why the loan volume was not allocated as recommended by  
4 this section, including reasons regarding unfeasibility, adverse  
5 financial effect, and low market volume demand, if applicable.

6 (b) Section 394.027(b), Local Government Code, is amended  
7 to read as follows:

8 (b) The report must include:

9 (1) for each single-family home mortgage loan made by  
10 the housing finance corporation during the preceding 12 months  
11 ending June 30 of the year the report is filed, the data reported by  
12 originating lenders under the Federal Home Mortgage Disclosure Act;  
13 and

14 (2) information regarding the corporation's  
15 allocation of single-family mortgage revenue bond loan volume to  
16 underserved economic and geographic submarkets in the state, as  
17 described by Section 1372.0262, Government Code.

18 SECTION 10. (a) Articles 4.74(a), (c), and (d), Insurance  
19 Code, are amended to read as follows:

20 (a) Notwithstanding any other provision of this subchapter,  
21 the comptroller may implement this subchapter only if the  
22 comptroller determines, on the basis of a revenue estimate made  
23 under this article [~~after the adjournment sine die of the regular~~  
24 ~~session of the 77th Legislature~~], that revenues are anticipated in  
25 amounts sufficient to finance all appropriations made by the  
26 legislature [~~during the regular session of the 77th Legislature~~],  
27 after making deductions for all reductions in taxes, including the

1 reduction in premium tax through premium tax credits authorized  
2 under this subchapter. Until the comptroller implements this  
3 subchapter as required by this article, the comptroller shall  
4 review the revenue estimate as required by this subsection after  
5 adjournment sine die of each legislative session during which the  
6 legislature enacts a General Appropriations Act that becomes law.

7 (c) On a determination by the comptroller to implement this  
8 subchapter under Subsection (a) or (b) of this article, the  
9 comptroller shall specify a date, not later than the 90th day after  
10 the date of adjournment sine die of the appropriate legislative  
11 session, as the implementation date. Rules adopted under  
12 Subsection (b)(2) of this article may adjust any deadline or other  
13 date established by this subchapter as necessary to implement this  
14 subchapter in accordance with Subsection (b) of ~~[as limited by]~~  
15 this article.

16 (d) After each legislative session during which the  
17 legislature enacts a General Appropriations Act that becomes law,  
18 the ~~[The]~~ comptroller shall notify the governor, lieutenant  
19 governor, and speaker of the house of representatives of the  
20 determination made under ~~[Subsection (a) of]~~ this article.

21 (b) Article 4.52, Insurance Code, is amended to read as  
22 follows:

23 Art. 4.52. DUTIES OF COMPTROLLER; RULES. The comptroller  
24 shall administer this subchapter. The comptroller shall ~~[and may]~~  
25 adopt rules and forms as necessary to implement this subchapter not  
26 later than the 90th day after the implementation date established  
27 under Article 4.74 of this code.

1 (c) Article 4.53, Insurance Code, is amended by adding  
2 Subsection (f) to read as follows:

3 (f) The comptroller shall begin accepting applications for  
4 certification under this article not later than the 120th day after  
5 the implementation date established under Article 4.74 of this  
6 code.

7 (d) Article 4.65, Insurance Code, is amended by adding  
8 Subsection (d) to read as follows:

9 (d) A certified investor may not make an investment with a  
10 certified capital company before the 225th day after the  
11 implementation date established under Article 4.74 of this code.

12 (e) Article 4.66(a), Insurance Code, is amended to read as  
13 follows:

14 (a) A premium tax credit allocation claim must be prepared  
15 and executed by a certified investor on a form provided by the  
16 comptroller. The certified capital company must file the claim  
17 with the comptroller not later than the 225th day after the  
18 implementation date established under Article 4.74 of this code  
19 [February 15, 2002]. The premium tax credit allocation claim form  
20 must include an affidavit of the certified investor under which the  
21 certified investor becomes legally bound and irrevocably committed  
22 to make an investment of certified capital in a certified capital  
23 company in the amount allocated even if the amount allocated is less  
24 than the amount of the claim, subject only to the receipt of an  
25 allocation under Article 4.68 of this code.

26 (f) Article 4.68(c), Insurance Code, is amended to read as  
27 follows:

1 (c) Not later than the 240th day after the implementation  
2 date established under Article 4.74 of this code [~~March 1, 2002~~],  
3 the comptroller shall notify each certified capital company of the  
4 amount of tax credits allocated to each certified investor. Each  
5 certified capital company shall notify each certified investor of  
6 their premium tax credit allocation.

7 (g) Article 4.73(a), Insurance Code, is amended to read as  
8 follows:

9 (a) After implementation of this subchapter under Article  
10 4.74 of this code, the [~~The~~] comptroller shall prepare a biennial  
11 report with respect to results of the implementation of this  
12 subchapter. The report must include:

13 (1) the number of certified capital companies holding  
14 certified capital;

15 (2) the amount of certified capital invested in each  
16 certified capital company;

17 (3) the amount of certified capital the certified  
18 capital company has invested in qualified businesses as of the  
19 first anniversary of the implementation date [~~January 1, 2004,~~] and  
20 the cumulative total for each subsequent year;

21 (4) the total amount of tax credits granted under this  
22 subchapter for each year that credits have been granted;

23 (5) the performance of each certified capital company  
24 with respect to renewal and reporting requirements imposed under  
25 this subchapter;

26 (6) with respect to the qualified businesses in which  
27 certified capital companies have invested:

1                   (A) the classification of the qualified  
2 businesses according to the industrial sector and the size of the  
3 business;

4                   (B) the total number of jobs created by the  
5 investment and the average wages paid for the jobs; and

6                   (C) the total number of jobs retained as a result  
7 of the investment and the average wages paid for the jobs; and

8                   (7) the certified capital companies that have been  
9 decertified or that have failed to renew the certification and the  
10 reason for any decertification.

11           SECTION 11. (a) The comptroller shall conduct a study of  
12 the availability of venture capital in this state and shall compare  
13 the availability of venture capital in this state to its  
14 availability in the other states. The comptroller may recommend  
15 actions that the legislature may take to improve the availability  
16 of venture capital in this state.

17           (b) Before November 1, 2005, the comptroller shall report  
18 the comptroller's findings of the study conducted under Section  
19 11(a) of this Act to the speaker of the house of representatives,  
20 the lieutenant governor, and the presiding officers of the senate  
21 business and commerce and house business and industry committees.

22           SECTION 12. This Act takes effect September 1, 2003.