

By: Villarreal, Chavez

H.B. No. 727

Substitute the following for H.B. No. 727:

By: Solomons

C.S.H.B. No. 727

A BILL TO BE ENTITLED

AN ACT

relating to a program of grants and loans to provide capital for community development and economic development institutions serving economically distressed areas and low-income persons.

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

SECTION 1. Chapter 481, Government Code, is amended by adding Subchapter G to read as follows:

SUBCHAPTER G. TEXAS COMMUNITY DEVELOPMENT INVESTMENT PROGRAM

Sec. 481.101. DEFINITIONS. In this subchapter:

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

(2) "Community development investment" means a loan or grant made to a community development financial institution for the purpose of enhancing access to credit, capital, and consumer financial services.

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

(4) "Eligible institution" means a certified community development financial institution or other organization meeting the minimum selection criteria described by 12 U.S.C. Section 4704.

(5) "Program" means the community investment program

1 established under this subchapter.

2 Sec. 481.102. COMMUNITY INVESTMENT PROGRAM.

3 Notwithstanding any other law, the office shall establish a
4 community investment program in which the office makes grants or
5 interest-free loans to eligible institutions that use the money to
6 make community development loans in distressed areas of the state
7 or to assist low-income persons by enhancing access to credit,
8 capital, and consumer financial services.

9 Sec. 481.103. ELIGIBILITY. (a) The office shall determine
10 the eligibility of an institution by verifying that the institution
11 meets the minimum selection criteria described by 12 U.S.C. Section
12 4704.

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

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

19 Sec. 481.104. CAPACITY BUILDING. (a) The office may make a
20 grant to an institution or nonprofit organization to assist the
21 institution or organization to:

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

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

27 (b) The office may make a grant to a nonprofit organization

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

4 Sec. 481.105. RULEMAKING AUTHORITY. The office shall adopt
5 rules relating to the implementation of the program and any other
6 rules necessary to accomplish the purposes of this subchapter.

7 Sec. 481.106. APPLICATION. (a) An eligible institution
8 may file a grant or loan application with the office. The
9 application must be in a form approved by the office and include a
10 plan of investment that includes the type and number of community
11 development loans or investments that the institution plans to make
12 using money from the program.

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

16 Sec. 481.107. OWNERSHIP OF INCOME. All income received on a
17 loan or investment made with money received under the program is the
18 property of the eligible institution that makes the loan or
19 investment.

20 Sec. 481.108. SEMIANNUAL REPORT. (a) Not later than the
21 30th day after the expiration of each six-month period for which
22 there is a participation agreement in effect between the office and
23 an eligible institution, the eligible institution shall submit a
24 report to the office that states in detail the status of each
25 investment or loan made under the program.

26 (b) The report must be in a form prescribed by the office and
27 must contain all information required by the office as part of the

1 institution's participation agreement.

2 Sec. 481.109. ANNUAL AUDIT. The participation agreement
3 entered into between the eligible institution and the office must
4 provide for an annual audit. The office shall adopt rules relating
5 to the format of the audit, including rules allowing not more than
6 \$5,000 of the amount received by the eligible institution under the
7 program to be used to finance the audit.

8 SECTION 2. This Act takes effect September 1, 2005.