

## **BILL ANALYSIS**

C.S.H.B. 3374  
By: Murphy  
Economic & Small Business Development  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Observers note that at a time when credit for Texas small businesses has been sharply reduced, continuation of the Texas Certified Capital Company (CAPCO) program is a vital component for enterprise growth and economic activity in Texas. Interested parties note that not only is CAPCO an economic development tool that brings much-needed private capital to small businesses in Texas, but also because CAPCO funds are designed for both new and existing companies seeking growth capital, the program funds are flexible and able to fill voids that traditional venture funds and banks cannot.

The parties note that legislation is needed to better provide for the efficient administration of the program on an ongoing basis and, in anticipation of continued capital investments in Texas, to provide for the decertification of a certified capital company that has completed all of its investment requirements. Interested parties contend that decertification is an administrative issue that was inadvertently omitted from the statute in previous legislative sessions but is important to the future of CAPCO, as more companies fulfill their investment obligations in Texas. C.S.H.B. 3374 seeks to address this issue relating to a certified capital company.

### **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**

C.S.H.B. 3374 amends the Insurance Code to authorize the comptroller of public accounts to decertify a certified capital company on the written request of the company, if the comptroller finds that the company has made qualified investments in an amount equal to 100 percent of the company's certified capital. The bill requires the comptroller to notify any appropriate state agency of a decertification of a certified capital company. The bill specifies that provisions of law relating to the recapture and forfeiture of premium tax credits do not authorize the recapture and forfeiture of premium tax credits following voluntary decertification of a certified capital company under the bill's provisions.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 3374 differs from the original, in the bill caption, by referencing the voluntary decertification of a certified capital company, whereas the original references the certification of a certified capital company.