

BILL ANALYSIS

Senate Research Center

S.B. 1744
By: Eltife
Economic Development
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

A certified capital company (CAPCO) is a government-sponsored, private venture capital company formed to provide growth capital to small businesses to stimulate job growth and economic development in the state. The comptroller of public accounts (comptroller) and the Texas Treasury Safekeeping Trust Company are responsible for administering the CAPCO Program. In order to remain certified, a CAPCO must file an annual report with the comptroller by January 31 of each year with specific required information. In addition, there are several restrictions and limitations on CAPCO expenditures, and violations can result in assessment of penalties or decertification.

However, currently the comptroller has no way to decertify a CAPCO that is in good standing. S.B. 1744 would allow the comptroller to do so if the CAPCO submits a letter to the comptroller stating that it has fully invested (made qualified investments in an amount cumulatively equals to 100 percent of the company's certified capital.) Upon verification by the comptroller, the CAPCO would be allowed to stop reporting annually.

As proposed, S.B. 1744 amends current law relating to the certification of a certified capital company.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter G, Chapter 228, Insurance Code, by adding Section 228.3021, as follows:

Sec. 228.3021. VOLUNTARY DECERTIFICATION OF CERTIFIED CAPITAL COMPANY. (a) Authorizes the comptroller of public accounts (comptroller) 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.

(b) Requires the comptroller to notify any appropriate state agency of a decertification of a certified capital company.

SECTION 2. Amends Section 228.351, Insurance Code, by adding Subsection (f) to provide that this subchapter does not authorize the recapture and forfeiture of premium tax credits following voluntary decertification of a certified capital company under Section 228.3021.

SECTION 3. Effective date: upon passage or September 1, 2011.