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H.B. No. 2061

A BILL TO BE ENTITLED

AN ACT

relating to a tax credit for investment in certain communities;
imposing a monetary penalty; authorizing a fee.

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

SECTION 1. Subtitle B, Title 3, Insurance Code, is amended
by adding Chapter 231 to read as follows:

CHAPTER 231. TAX CREDIT FOR INVESTMENT IN CERTAIN COMMUNITIES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 231.001. GENERAL DEFINITIONS. In this chapter:

(1) "Applicable percentage" means zero percent for the
first two credit allowance dates, seven percent for the third
credit allowance date, and eight percent for the next four credit
allowance dates.

(2) "Comptroller" means the comptroller of public
accounts.

(3) "Credit allowance date" means, with respect to any
qualified equity investment:

(A) the date on which the investment is initially
made; and

(B) the anniversary of that date in each of the
six years immediately following that date.

(4) "Purchase price" means the amount paid to the
issuer of a qualified equity investment for the qualified equity
investment.

1 (5) "State premium tax liability" means any premium
2 tax liability incurred under Chapter 221, 222, 223, or 224.

3 Sec. 231.002. DEFINITION: LONG-TERM DEBT SECURITY. (a) In
4 this chapter, "long-term debt security" means a debt instrument
5 issued by a qualified community development entity, at par value or
6 a premium, with an original maturity date not earlier than the
7 seventh year after the date on which the debt instrument is issued,
8 with no acceleration of repayment, amortization, or prepayment
9 features before its original maturity date.

10 (b) The qualified community development entity that issues
11 a long-term debt security may not make cash interest payments on the
12 security during the period beginning on the date on which the
13 security is issued and ending on the final credit allowance date in
14 an amount that exceeds the cumulative operating income, as defined
15 by regulations adopted under Section 45D, Internal Revenue Code of
16 1986, of the qualified community development entity for that period
17 before giving effect to the interest expense of the long-term debt
18 security.

19 (c) This section does not limit the holder's ability to
20 accelerate payments on a long-term debt security in situations
21 where the issuer has defaulted on covenants designed to ensure
22 compliance with this chapter or Section 45D, Internal Revenue Code
23 of 1986.

24 Sec. 231.003. DEFINITION: QUALIFIED ACTIVE LOW-INCOME
25 COMMUNITY BUSINESS. (a) In this chapter, "qualified active
26 low-income community business" has the meaning assigned by Section
27 45D, Internal Revenue Code of 1986, and 26 C.F.R. Section 1.45D-1,

1 except that the term is limited to those businesses that do not
2 exceed the Small Business Administration size eligibility
3 standards established by 13 C.F.R. Section 121.201 at the time the
4 qualified low-income community investment is made.

5 (b) A business is considered a qualified active low-income
6 community business for the duration of the qualified community
7 development entity's investment in, or loan to, the business if the
8 entity reasonably expects, at the time it makes the investment or
9 loan, that the business will continue to satisfy the requirements
10 for being a qualified active low-income community business, other
11 than the Small Business Administration size standards, throughout
12 the entire period of the investment or loan.

13 (c) A business that derives or projects to derive 15 percent
14 or more of its annual revenue from the rental or sale of real estate
15 is not a qualified active low-income community business for
16 purposes of this chapter. This exclusion does not apply to a
17 business that is controlled by, or under common control with, an
18 affiliated entity if the affiliated entity:

19 (1) does not derive or project to derive 15 percent or
20 more of its annual revenue from the rental or sale of real estate;
21 and

22 (2) is the primary tenant of the real estate leased
23 from the business.

24 Sec. 231.004. DEFINITION: QUALIFIED COMMUNITY DEVELOPMENT
25 ENTITY. In this chapter, "qualified community development entity"
26 has the meaning assigned by Section 45D, Internal Revenue Code of
27 1986, provided that the entity has entered into, for the current

1 year or any prior year, an allocation agreement with the community
2 development financial institutions fund of the United States
3 Department of the Treasury with respect to credits authorized by
4 Section 45D, Internal Revenue Code of 1986, that includes this
5 state in the service area set forth in the allocation agreement.
6 The term includes a qualified community development entity that is
7 controlled by or under common control with another qualified
8 community development entity described by this section.

9 Sec. 231.005. DEFINITION: QUALIFIED EQUITY INVESTMENT. (a)

10 An investment or security is a "qualified equity investment" for
11 purposes of this chapter if:

12 (1) the investment or security is an equity investment
13 in, or long-term debt security issued by, a qualified community
14 development entity;

15 (2) the investment or security is acquired on or after
16 October 1, 2013, at its original issuance solely in exchange for
17 cash;

18 (3) not later than the first anniversary of the
19 initial credit allowance date at least 100 percent of the
20 investment's or security's cash purchase price is used by the issuer
21 to make qualified low-income community investments in qualified
22 active low-income community businesses located in this state; and

23 (4) the investment or security is designated by the
24 issuer as a qualified equity investment under this section and is
25 certified by the comptroller as not exceeding the limitation
26 provided by Section 231.104.

27 (b) Qualified equity investment includes an investment or

1 security that does not satisfy the requirements of Subsection (a)
2 if the investment or security was a qualified equity investment in
3 the hands of a prior holder.

4 Sec. 231.006. DEFINITION: QUALIFIED LOW-INCOME COMMUNITY
5 INVESTMENT. In this chapter, "qualified low-income community
6 investment" means a capital or equity investment in, or loan to, a
7 qualified active low-income community business with respect to
8 which a federal qualified low-income community investment of some
9 amount is made concurrently with the investment or loan.

10 Sec. 231.007. DEFINITION: QUALIFIED INVESTOR. In this
11 chapter, "qualified investor" means an entity that makes a
12 qualified equity investment as defined by Section 231.005, or an
13 entity that is allocated premium tax credits under Section
14 231.052(b).

15 Sec. 231.008. NEW MARKETS PERFORMANCE GUARANTEE ACCOUNT.
16 The new markets performance guarantee account is established as a
17 special account outside the state treasury. The comptroller shall
18 administer the account and shall deposit a refundable performance
19 deposit received from a qualified community development entity
20 under Subchapter E into the account.

21 Sec. 231.009. RULES AND STANDARDS. (a) The comptroller may
22 adopt rules as necessary to implement the duties of the comptroller
23 under this chapter.

24 (b) The comptroller, acting as the administrator, may:

25 (1) by rule set limits and restrictions on the use of
26 the proceeds raised by a qualified community development entity,
27 consistent with Section 45D, Internal Revenue Code of 1986;

1 (2) review or audit the investments of a qualified
2 community development entity on a periodic basis;

3 (3) establish limits on the formation and syndication
4 costs of a qualified community development entity and the entity's
5 debt instruments;

6 (4) consistent with practices under Section 45D,
7 Internal Revenue Code of 1986, establish limits of a qualified
8 community development entity's operating expenses, including legal
9 fees, loan sourcing or origination fees, loan servicing fees,
10 management fees paid to affiliated firms, including
11 non-Texas-based firms, organizational and formation expenses, and
12 performance bonds; and

13 (5) limit any original issue discount on a debt
14 instrument issued by a qualified community development entity.

15 SUBCHAPTER B. TAX CREDIT

16 Sec. 231.051. CREDIT ESTABLISHED. (a) Subject to Section
17 231.052(b), a qualified investor that makes a qualified equity
18 investment earns a vested right to credit against the qualified
19 investor's state premium tax liability.

20 (b) On each credit allowance date of a qualified equity
21 investment, the qualified investor, or a subsequent holder of the
22 qualified equity investment, may claim a portion of the credit
23 during the tax year of that credit allowance date.

24 (c) The credit amount is equal to the applicable percentage
25 for the credit allowance date multiplied by the purchase price paid
26 to the issuer of the qualified equity investment.

27 (d) The amount of the credit claimed by a qualified investor

1 may not exceed the amount of the qualified investor's state premium
2 tax liability for the tax year for which the credit is claimed. Any
3 amount of tax credit that the qualified investor is prohibited from
4 claiming in a tax year as a result of this subsection may be carried
5 forward for use in a subsequent tax year.

6 Sec. 231.052. TRANSFERABILITY. (a) A premium tax credit
7 claimed under this chapter is not refundable or salable.

8 (b) A premium tax credit earned by or allocated to a
9 partnership, limited liability company, S corporation, or other
10 pass-through entity may be allocated to the partners, members, or
11 shareholders of the entity for their direct use in accordance with
12 an agreement among the partners, members, or shareholders. An
13 allocation under this subsection does not constitute a sale for
14 purposes of this chapter.

15 Sec. 231.053. RETALIATORY TAX. (a) A qualified investor or
16 a subsequent holder of a qualified equity investment claiming a
17 premium tax credit under this chapter is not required to pay any
18 additional retaliatory tax levied under Chapter 281 as a result of
19 claiming that credit.

20 (b) In addition to the exclusion provided by Subsection (a),
21 a qualified investor or a subsequent holder of the qualified equity
22 investment claiming a credit under this chapter is not required to
23 pay any additional tax that may arise as a result of claiming that
24 credit.

25 SUBCHAPTER C. CERTIFICATION OF QUALIFIED EQUITY INVESTMENTS

26 Sec. 231.101. APPLICATION FOR CERTIFICATION OF QUALIFIED
27 EQUITY INVESTMENT. (a) A qualified community development entity

1 that seeks to have an equity investment or long-term debt security
2 certified as a qualified equity investment eligible for premium tax
3 credits under this chapter must apply to the comptroller, acting as
4 administrator under this chapter, as provided by this section.

5 (b) An application under this section must include the
6 following:

7 (1) evidence of the applicant's certification as a
8 qualified community development entity, including evidence of the
9 service area of the entity that includes this state;

10 (2) a copy of an allocation agreement executed by the
11 applicant, or its controlling entity, and the community development
12 financial institutions fund;

13 (3) a certificate executed by an executive officer of
14 the applicant attesting that the allocation agreement remains in
15 effect and has not been revoked or canceled by the community
16 development financial institutions fund;

17 (4) a description of the proposed amount and
18 structure, and of the purchaser, of the qualified equity
19 investment;

20 (5) identifying information for a qualified investor
21 that will earn premium tax credits as a result of the issuance of
22 the qualified equity investment;

23 (6) except as provided by Subsection (c), examples of
24 the types of qualified active low-income community businesses in
25 which the applicant, its controlling entity, or affiliates of its
26 controlling entity have invested under the federal New Markets Tax
27 Credit Program;

1 (7) a nonrefundable application fee of \$5,000 to be
2 paid to the comptroller; and

3 (8) except as provided by Section 231.201(c), the
4 refundable performance deposit of \$500,000 required by Subchapter
5 E.

6 (c) An applicant is not required to have invested under the
7 federal New Markets Tax Credit Program, and an application is not
8 required to include the examples described by Subsection (b)(6), if
9 the application includes information in the form required by the
10 comptroller demonstrating that the applicant, together with the
11 applicant's controlling entity and the affiliates of its
12 controlling entity:

13 (1) is a duly formed qualified community development
14 entity;

15 (2) has total assets under management in the amount of
16 \$250 million or less; and

17 (3) has a demonstrable track record of successfully
18 investing in low-income communities, as defined by Section 45D,
19 Internal Revenue Code of 1986.

20 Sec. 231.102. ACTION ON APPLICATION. (a) Not later than
21 the 30th day after the date an application under Section 231.101 is
22 received, the comptroller shall grant or deny the application in
23 full or in part.

24 (b) If the comptroller denies part of the application, the
25 comptroller shall inform the applicant of the grounds for denial.

26 (c) If the applicant provides additional information
27 required by the comptroller or otherwise completes the application

1 not later than the 15th day after the date of the notice of denial,
2 the application is considered completed as of the date on which it
3 was originally submitted. If the qualified community development
4 entity fails to provide the information or complete its application
5 before that date, the application is denied and must be resubmitted
6 in full and has a new submission date.

7 Sec. 231.103. CERTIFICATION OF QUALIFIED EQUITY
8 INVESTMENT. (a) If an application under Section 231.101 is granted
9 under Section 231.102, the comptroller shall certify the proposed
10 equity investment or long-term debt security as a qualified equity
11 investment that is eligible for premium tax credits under this
12 chapter, subject to Section 231.104.

13 (b) The comptroller shall provide written notice of the
14 certification to the qualified community development entity.

15 (c) The notice must include the names of those entities that
16 will earn the credits and their respective credit amounts. If the
17 names of the entities that are eligible to claim the credits change
18 due to a transfer of a qualified equity investment or an allocation
19 under Section 231.052, the qualified community development entity
20 shall notify the comptroller of the change.

21 (d) The comptroller shall certify qualified equity
22 investments in the order in which applications are received by the
23 comptroller. Applications received on the same day are considered
24 to have been received simultaneously. For applications that are
25 complete and received on the same day, the comptroller shall
26 certify, consistent with remaining qualified equity investment
27 capacity, the qualified equity investments in proportionate

1 percentages based on the proportion that the amount of qualified
2 equity investment requested in an application bears to the total
3 amount of qualified equity investments requested in all
4 applications received on the same day.

5 Sec. 231.104. LIMIT ON CERTIFIED INVESTMENTS. Not more
6 than \$750 million in qualified equity investments may be certified
7 under Section 231.103. If a pending request cannot be fully
8 certified due to this limit, the comptroller shall certify the
9 portion that can be certified unless the qualified community
10 development entity elects to withdraw the request rather than
11 receive partial certification.

12 Sec. 231.105. TRANSFER OF INVESTMENT AUTHORITY. An
13 approved applicant may transfer all or a portion of its certified
14 qualified equity investment authority to its controlling entity or
15 to a qualified community development entity controlled by or under
16 common control with the applicant, if the applicant:

17 (1) provides the information required in the
18 application with respect to the recipient of the transfer; and

19 (2) notifies the comptroller of the transfer not later
20 than the 30th day after the date of the transfer.

21 Sec. 231.106. ISSUANCE OF QUALIFIED EQUITY INVESTMENT. (a)
22 Not later than the 60th day after the date the applicant receives
23 notice of certification, the qualified community development
24 entity or a recipient of a transfer under Section 231.105 shall
25 issue the qualified equity investment and receive cash in the
26 amount certified.

27 (b) The qualified community development entity or a

1 recipient of a transfer under Section 231.105 must provide the
2 comptroller with evidence of the receipt of the cash investment not
3 later than the 10th business day after the date the cash investment
4 is received.

5 Sec. 231.107. LAPSE OF CERTIFICATION. (a) If the qualified
6 community development entity or a recipient of a transfer under
7 Section 231.105 does not receive the cash investment and issue the
8 qualified equity investment before the 30th day after the date the
9 certification notice is received as required by Section 231.106,
10 the certification lapses and the qualified community development
11 entity may not issue the qualified equity investment without
12 reapplying to the comptroller for certification.

13 (b) If a certification lapses under this section, the
14 comptroller shall reissue the certified amount, giving preference
15 to an applicant whose allocation was reduced under Section 231.104.
16 If more than one applicant had its allocation reduced, the
17 comptroller shall reissue the certified amount on a pro rata basis.
18 After the allocation to applicants whose allocation was reduced
19 under Section 231.104, the comptroller shall reissue any certified
20 amount that remains in accordance with the application process.

21 SUBCHAPTER D. RECAPTURE OF PREMIUM TAX CREDIT

22 Sec. 231.151. RECAPTURE. (a) Subject to Section 231.152,
23 the comptroller shall recapture the amount of a tax credit claimed
24 on a premium tax report filed under this subtitle from the qualified
25 investor or a subsequent holder of the qualified equity investment
26 that claims the credit if:

27 (1) any amount of a federal tax credit available with

1 respect to a qualified equity investment that is eligible for a
2 credit under this chapter is recaptured under Section 45D, Internal
3 Revenue Code of 1986, in which case the comptroller's recapture
4 must be proportionate to the federal recapture with respect to the
5 qualified equity investment;

6 (2) the issuer redeems or makes principal repayment
7 with respect to a qualified equity investment before the seventh
8 anniversary of the date the qualified equity investment is issued,
9 in which case the comptroller's recapture must be proportionate to
10 the amount of the redemption or repayment with respect to the
11 qualified equity investment;

12 (3) the issuer fails to invest an amount equal to 100
13 percent of the purchase price of the qualified equity investment in
14 qualified low-income community investments in this state during the
15 12-month period immediately following the date the qualified equity
16 investment is issued or to maintain at least 100 percent of that
17 level of investment in qualified low-income community investments
18 in this state until the last credit allowance date for the qualified
19 equity investment; or

20 (4) at any time before the final credit allowance date
21 of a qualified equity investment, the issuer uses the cash proceeds
22 of the qualified equity investment to make qualified low-income
23 community investments in any one qualified active low-income
24 community business, including affiliated qualified active
25 low-income community businesses, exclusive of reinvestments of
26 capital returned or repaid with respect to earlier investments in
27 the qualified active low-income community business and its

1 affiliates, in excess of 25 percent of the cash proceeds of all
2 qualified equity investments issued by the issuer under this
3 chapter.

4 (b) For purposes of this chapter, an investment is
5 considered held by an issuer even if the investment has been sold or
6 repaid if the issuer reinvests an amount equal to the capital
7 returned to or recovered by the issuer from the original
8 investment, exclusive of any profits realized, in another qualified
9 low-income community investment not later than the 12th month after
10 the date the issuer receives the capital.

11 (c) An issuer is not required to reinvest capital returned
12 from a qualified low-income community investment after the sixth
13 anniversary of the date the qualified equity investment is issued,
14 the proceeds of which were used to make the qualified low-income
15 community investment, and the qualified low-income community
16 investment is considered held by the issuer through the seventh
17 anniversary of the date the qualified equity investment was issued.

18 (d) Periodic amounts received during a calendar year as
19 repayment of principal on a loan that is a qualified low-income
20 community investment shall be treated as continuously invested in a
21 qualified low-income community investment if the amounts are
22 reinvested in one or more qualified low-income community
23 investments not later than the last day of the following calendar
24 year.

25 Sec. 231.152. NOTICE OF NONCOMPLIANCE. (a) The comptroller
26 shall notify a qualified community development entity and a
27 qualified investor that has claimed a tax credit on a premium tax

1 report if the credit is subject to recapture under Section 231.151.

2 (b) The comptroller may not recapture a tax credit under
3 this subchapter if the qualified community development entity cures
4 the noncompliance described by Section 231.151 before the 180th day
5 after the date the qualified community development entity receives
6 notice under Subsection (a).

7 SUBCHAPTER E. PERFORMANCE DEPOSIT

8 Sec. 231.201. PERFORMANCE DEPOSIT OR SURETY BOND REQUIRED.

9 (a) Except as provided by Subsection (c), a qualified community
10 development entity that submits an application to have an equity
11 investment or long-term debt security certified as a qualified
12 equity investment eligible for premium tax credits under this
13 chapter must deposit \$500,000 with the comptroller for deposit in
14 the new markets performance guarantee account, or maintain a surety
15 bond of an equal amount.

16 (b) If the comptroller denies an application described by
17 Subsection (a) in full, the comptroller shall refund the deposit to
18 the applicant not later than the 15th day after the date of the
19 denial.

20 (c) A qualified community development entity is not
21 required to make a deposit under this section if the qualified
22 community development entity is:

23 (1) formed or operated by a governmental entity; or

24 (2) a nonprofit organization.

25 Sec. 231.202. FORFEITURE OF DEPOSIT. (a) A qualified
26 community development entity that makes a performance deposit under
27 Section 231.201(a) shall forfeit the deposit in its entirety if:

1 (1) the qualified community development entity and any
2 qualified community development entity to which a transfer is made
3 by the qualified community development entity under Section 231.105
4 fail to issue the total amount of qualified equity investments
5 certified by the comptroller and receive cash in the total amount
6 certified under Section 231.103 not later than the date specified
7 by Section 231.106; or

8 (2) the qualified community development entity or a
9 qualified community development entity to which a transfer is made
10 by the qualified community development entity under Section 231.105
11 that issues a qualified equity investment certified under Section
12 231.103 fails to meet the investment requirement under Section
13 231.151(a)(3) by the second credit allowance date of the qualified
14 equity investment.

15 (b) The comptroller shall notify a qualified community
16 development entity that has made a deposit under Section 231.201(a)
17 if the deposit is subject to forfeiture under this section.

18 (c) A deposit is not subject to forfeiture under Subsection
19 (a)(2) if the qualified community development entity cures the
20 noncompliance before the 180th day after the date the qualified
21 community development entity receives notice under Subsection (b).

22 Sec. 231.203. NEW MARKETS PERFORMANCE GUARANTEE
23 ACCOUNT. (a) The deposit required by Section 231.201(a) shall be
24 made with the comptroller and held in the new markets performance
25 guarantee account until the comptroller finds that the qualified
26 community development entity has complied with the provisions of
27 this chapter.

1 (b) The qualified community development entity may request
2 a refund of the deposit from the comptroller not earlier than the
3 30th day after the date the requirements that must be satisfied to
4 avoid forfeiture of the deposit, as described by Section 231.202,
5 are satisfied.

6 (c) The comptroller shall refund the deposit or, if
7 applicable, give notice of noncompliance not later than the 30th
8 day after the date of receiving a request that complies with
9 Subsection (b).

10 SUBCHAPTER F. EVALUATION OF BUSINESS BY COMPTROLLER

11 Sec. 231.251. REQUEST FOR EVALUATION. (a) A qualified
12 community development entity may, before making an investment in a
13 business, request a written opinion from the comptroller as to
14 whether the business in which the qualified community development
15 entity proposes to invest would qualify as a qualified active
16 low-income community business according to Section 231.003.

17 (b) Not later than the 15th business day after the date of
18 the receipt of a request under Subsection (a), the comptroller
19 shall:

20 (1) determine whether the business meets the
21 definition of a qualified active low-income community business, as
22 applicable, and notify the qualified community development entity
23 of the determination and provide an explanation of the
24 determination; or

25 (2) notify the qualified community development entity
26 that the comptroller requires additional time, which may not exceed
27 15 days, to review the request and make the determination.

1 (c) If the comptroller fails to notify the qualified
2 community development entity with respect to the proposed
3 investment within the period as specified by Subsection (b), the
4 business in which the qualified community development entity
5 proposes to invest is considered to be a qualified active
6 low-income community business.

7 Sec. 231.252. CONSIDERATION OF INTERNAL REVENUE CODE. In
8 issuing a written opinion and making other determinations under
9 this chapter, the comptroller shall consider Section 45D, Internal
10 Revenue Code of 1986, and the rules and regulations issued under
11 that code, to the extent that those provisions are applicable.

12 SUBCHAPTER G. REPORTING

13 Sec. 231.301. REPORT TO COMPTROLLER. (a) Except as
14 provided by this subsection, a qualified community development
15 entity that issues a qualified equity investment under Section
16 231.106 shall submit an annual report to the comptroller not later
17 than the fifth business day after the anniversary of a credit
18 allowance date applicable to the investment. The qualified
19 community development entity is not required to submit any report
20 under this section after the annual report following the final
21 applicable credit allowance date.

22 (b) The report must:

23 (1) provide evidence that the qualified community
24 development entity has not failed to meet the investment
25 requirement under Section 231.151(a)(3);

26 (2) include one or more bank statements for the
27 qualified community development entity that reflect each qualified

1 low-income community investment made by the qualified community
2 development entity in connection with the qualified equity
3 investment;

4 (3) state the name, location, and industry code of
5 each qualified active low-income community business receiving a
6 qualified low-income community investment in connection with the
7 qualified equity investment and, if the qualified community
8 development entity did not receive a written opinion under Section
9 231.251 with respect to a qualified active low-income community
10 business, include evidence that the business was a qualified active
11 low-income community business at the time the qualified low-income
12 community investment was made;

13 (4) state the number of employment positions created
14 and retained as a result of each qualified low-income community
15 investment made in connection with the qualified equity investment;

16 (5) state whether the qualified community development
17 entity has been subject to a recapture of any amount of a federal
18 tax credit available under Section 45D, Internal Revenue Code of
19 1986, with respect to the qualified equity investment; and

20 (6) include a copy of the most recent annual report
21 submitted by the qualified community development entity to the
22 United States Department of the Treasury regarding Section 45D,
23 Internal Revenue Code of 1986.

24 (c) A qualified community development entity that fails to
25 submit a report to the comptroller within the time prescribed by
26 Subsection (a) shall pay to the comptroller a penalty equal to:

27 (1) \$25,000; plus

1 (2) \$5,000 for each day the report is not submitted
2 after the date the report is due under Subsection (a).

3 Sec. 231.302. COMPTROLLER'S REPORT TO THE LEGISLATURE. (a)
4 The comptroller shall contract with an independent researcher from
5 an education research center established under Section 1.005,
6 Education Code, to prepare a biennial report with respect to the
7 implementation of this chapter.

8 (b) The report must include:

9 (1) the number of qualified community development
10 entities holding certified qualified equity investments;

11 (2) the amount of qualified equity investments of each
12 qualified community development entity;

13 (3) the amount of qualified low-income community
14 investments each qualified community development entity has
15 invested in qualified active low-income community businesses as of
16 the most recent annual report submitted to the comptroller by the
17 qualified community development entity;

18 (4) the total amount of premium tax credits earned
19 under this chapter;

20 (5) the performance of each qualified community
21 development entity with respect to reporting requirements imposed
22 by this chapter;

23 (6) with respect to each qualified active low-income
24 community business in which a qualified community development
25 entity has invested:

26 (A) the classification of the qualified active
27 low-income community business according to the industrial sector

1 and the size of the business;

2 (B) the total number of jobs created by the
3 qualified low-income community investment and the average wages
4 paid for the jobs; and

5 (C) the total number of jobs retained as a result
6 of the qualified low-income community investment and the average
7 wages paid for the jobs; and

8 (7) an examination of the effect the implementation of
9 this chapter has had on economic activity in this state and on state
10 tax revenue during the biennium.

11 (c) The comptroller shall file the report with the governor,
12 the lieutenant governor, and the speaker of the house of
13 representatives not later than December 15 of each even-numbered
14 year.

15 SECTION 2. (a) As soon as practicable after the effective
16 date of this Act, the comptroller of public accounts shall adopt
17 rules necessary to implement the provisions of Chapter 231,
18 Insurance Code, as added by this Act, that apply to the comptroller
19 of public accounts.

20 (b) The comptroller of public accounts shall accept
21 applications for certification of qualified equity investments as
22 required by Chapter 231, Insurance Code, as added by this Act,
23 beginning not later than October 2, 2013.

24 SECTION 3. This Act takes effect September 1, 2013.