

By: Workman

H.B. No. 3039

Substitute the following for H.B. No. 3039:

By: Bell

C.S.H.B. No. 3039

A BILL TO BE ENTITLED

AN ACT

relating to financing programs and activities related to rural economic development; authorizing a fee.

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

SECTION 1. Section 58.032, Agriculture Code, is amended by amending Subsection (a) and adding Subsections (i) and (j) to read as follows:

(a) The Texas agricultural fund is a fund in the state treasury that may be appropriated for the purposes of this chapter or for rural development programs administered by the Texas Economic Development Bank as authorized by Chapter 489, Government Code.

(i) Notwithstanding Subsections (b), (c), (d), (e), (f), (g), and (h), the Texas Economic Development Bank may establish and maintain accounts in the Texas agricultural fund.

(j) No money in an account of the authority in the Texas agricultural fund, including any money due the authority and any assessment or fee collected under Section 502.404, Transportation Code, may be appropriated for or used to pay or satisfy any charge, debt, interest payment, principal payment, or other financial obligation of the Texas Economic Development Bank.

SECTION 2. Section 489.101(a), Government Code, is amended to read as follows:

(a) The office shall establish the Texas Economic

1 Development Bank for the purpose of:

2 (1) providing globally competitive, cost-effective
3 state incentives to expanding businesses operating in this state
4 and businesses relocating to this state; ~~and~~

5 (2) ensuring that communities and businesses in this
6 state have access to capital for economic development purposes; and

7 (3) providing financial assistance for economic
8 development projects, including projects for rural areas of this
9 state under Subchapter E.

10 SECTION 3. Section 489.106, Government Code, is amended to
11 read as follows:

12 Sec. 489.106. ADMINISTRATION OF FUND, ACCOUNT, AND CHAPTER.
13 The office shall administer the fund and the rural development
14 account in the Texas agricultural fund. In administering the fund,
15 the rural development account in the Texas agricultural fund, and
16 this chapter, the office has the powers necessary to carry out the
17 purposes of this chapter, including the power to:

18 (1) make, execute, and deliver contracts,
19 conveyances, and other instruments;

20 (2) impose and collect fees and charges in connection
21 with any transaction and provide for reasonable penalties for
22 delinquent payments or performance; ~~and~~

23 (3) issue bonds for financial assistance to stimulate
24 the economy in rural areas of this state under Subchapter E; and

25 (4) issue bonds for other economic development
26 projects, as ~~that term is~~ defined by Section 501.101, Local
27 Government Code, or Section 505.151, 505.152, 505.153, 505.154,

1 505.155, or 505.156, Local Government Code.

2 SECTION 4. Section 489.108, Government Code, is amended to
3 read as follows:

4 Sec. 489.108. PROGRAMS, SERVICES, ACCOUNTS, AND FUNDS UNDER
5 BANK'S DIRECTION. Notwithstanding any other law, the bank shall
6 perform the duties and functions of the office with respect to the
7 following programs, services, accounts, and funds:

8 (1) the Texas Small Business Industrial Development
9 Corporation established under Chapter 503, Local Government Code;

10 (2) the capital access program established under
11 Section 481.405;

12 (3) the Texas leverage fund;

13 (4) the linked deposit program established under
14 Section 481.193;

15 (5) the enterprise zone program established under
16 Chapter 2303;

17 (6) the industrial revenue bond program;

18 (7) the defense economic readjustment zone program
19 established under Chapter 2310;

20 (8) the Empowerment Zone and Enterprise Community
21 grant program established under Section 481.025; [~~and~~]

22 (9) the renewal community program; and

23 (10) the rural development account in the Texas
24 agricultural fund.

25 SECTION 5. Chapter 489, Government Code, is amended by
26 adding Subchapter E to read as follows:

1 SUBCHAPTER E. RURAL DEVELOPMENT ACCOUNT

2 Sec. 489.251. PURPOSE. Financial assistance is a
3 commitment made by the bank for the purpose of stimulating economic
4 development in rural areas of this state.

5 Sec. 489.252. DEFINITIONS. In this subchapter:

6 (1) "Anticipation note" means a note issued by an
7 eligible issuer and purchased by the bank under Section 1431.014.

8 (2) "Financial assistance" means a loan, loan
9 guarantee, or similar assistance from the rural development account
10 to an applicant under this subchapter.

11 (3) "Rural area" means an area that is predominately
12 rural in character, being one that the office of the governor
13 defines and declares to be a rural area.

14 Sec. 489.253. RURAL DEVELOPMENT ACCOUNT. The rural
15 development account is a dedicated account in the Texas
16 agricultural fund for the purpose of financing rural economic
17 development projects authorized by Section 49-f(g), Article III,
18 Texas Constitution.

19 Sec. 489.254. BONDS. (a) The bank may issue general
20 obligation bonds, up to the amounts authorized by Section 49-f(g),
21 Article III, Texas Constitution, to fund rural economic development
22 projects under this subchapter.

23 (b) An amount of not more than five percent of the total
24 amount of bonds issued may be used to pay administrative fees
25 involved in selling the bonds.

26 Sec. 489.255. MANAGEMENT OF RURAL DEVELOPMENT ACCOUNT. (a)
27 Repayments of financial assistance under any program funded wholly

1 or partly with the proceeds of general obligation bonds issued in
2 accordance with Section 489.254 shall be deposited first in the
3 interest and sinking account as prescribed by the bank's
4 resolutions authorizing the bonds, and second in the reserve
5 account for the bonds until that account is fully funded as
6 prescribed by the bank's resolutions. The rural development
7 account and all accounts within that account shall be kept and
8 maintained at the direction of the bank and held in trust by the
9 comptroller for and on behalf of the bank and the owners of the
10 bonds issued in accordance with Section 489.254, and may be used
11 only as provided by this subchapter. Pending its use, money in the
12 rural development account shall be invested as prescribed by the
13 resolution by which the bonds were issued.

14 (b) A bond authorization issued under this chapter that is
15 payable from the rural development account shall:

16 (1) expressly require that the account be administered
17 separately from other accounts in the Texas agricultural fund; and

18 (2) provide that a bondholder may not consider a
19 payment from an account or fund that is administered by the Texas
20 Agricultural Finance Authority as security for the bond.

21 (c) If during the time any general obligation bonds are
22 payable from the rural development account the bank determines that
23 there will not be sufficient money in the interest and sinking
24 account for the bonds during the following fiscal year to pay the
25 principal of or interest on the bonds that is to come due during the
26 following fiscal year, the comptroller shall transfer to the fund
27 the first money coming into the state treasury not otherwise

1 appropriated by the constitution in an amount sufficient to pay the
2 obligations.

3 (d) The bank may receive, and shall deposit in the rural
4 development account appropriations, grants, donations, earned
5 federal funds, and the proceeds of any investment pools operated by
6 the comptroller that are related to rural economic development
7 projects under this subchapter.

8 (e) The rural development account includes grants and
9 donations made for the purposes of rural economic development
10 projects administered by the bank and any other money received
11 under this subchapter. Notwithstanding Section 404.071, income and
12 interest earned on money in the rural development account shall be
13 deposited to the credit of the account. The fund is exempt from the
14 application of Section 403.095.

15 (f) The bank shall attempt to administer the rural
16 development account in a manner that makes private donations to the
17 account an eligible itemized deduction for federal income taxation
18 purposes.

19 Sec. 489.256. FINANCIAL ASSISTANCE FOR RURAL ECONOMIC
20 DEVELOPMENT PROJECTS. (a) The bank may provide financial
21 assistance from available funds held in the rural development
22 account to an applicant for a rural economic development project.

23 (b) The bank may purchase anticipation notes from an
24 eligible issuer authorized by Section 1431.014(a) for the purpose
25 of securing a financial commitment made by the bank for a rural
26 economic development project.

27 Sec. 489.257. APPLICATION FOR FINANCIAL ASSISTANCE. (a)

1 The office by rule shall adopt applicant eligibility standards and
2 prescribe the application process, including the creation of any
3 forms and the setting of necessary fees to cover the implementation
4 of this subchapter.

5 (b) An applicant for financial assistance under this
6 subchapter must submit to the office with the application:

7 (1) project financial information required by the
8 office;

9 (2) any applicable feasibility or economic impact
10 statements;

11 (3) a statement of the applicant's employment or
12 managerial history;

13 (4) security to be pledged by the applicant for
14 financial commitments made by the bank from the rural development
15 account;

16 (5) documentation of other forms of equity or other
17 financial support from state, federal, or private resources that
18 will be committed to the project; and

19 (6) a statement regarding how the commitment of the
20 bank is projected to induce capital investment, create or preserve
21 jobs, or provide other economic development benefits in a rural
22 area.

23 (c) The bank may consider only applications that
24 demonstrate reasonable assurance that the projected revenues will
25 be sufficient to repay any financial assistance approved by the
26 bank.

27 (d) After considering the application and all other

1 information the bank considers relevant, the bank shall approve or
2 deny the application and promptly notify the applicant of the
3 decision.

4 Sec. 489.258. RULES. The office may adopt rules, policies,
5 and procedures necessary or reasonable to implement this
6 subchapter.

7 SECTION 6. Section 1431.014(a), Government Code, is amended
8 to read as follows:

9 (a) Notwithstanding any other provision of this chapter, an
10 issuer participating in a rural economic development program
11 established by the Texas Agricultural Finance Authority or the
12 Texas Economic Development Bank may sell to the authority or bank,
13 as applicable, an anticipation note issued for a purpose described
14 by Section 1431.004(a)(1), provided that the note matures before
15 the 30th anniversary of the date the note is issued.

16 SECTION 7. This Act takes effect September 1, 2013.