

By: J. Davis of Harris

H.B. No. 3578

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the allocation of Texas Economic Development Bank
3 resources.

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

5 SECTION 1. Subchapter BB, Chapter 481, Government Code, is
6 amended by adding Section 481.415 to read as follows:

7 Sec. 481.415. ALLOCATION OF BANK RESOURCES.
8 Notwithstanding other provisions in this subchapter, the bank may
9 allocate resources, including money held in, or due to, the capital
10 access fund account in the general revenue fund, to bank programs
11 specified in Section 489.108 and Subchapter D, Chapter 489. The
12 bank is specifically authorized to transfer funds held and
13 deposited to the capital access fund to the Texas product
14 development fund created in Section 489.211 and the Texas small
15 business incubator fund created in Section 489.212. Funds
16 transferred by the bank be used by the bank, without further
17 limitation, to make loans to a small or medium-sized business or to
18 a nonprofit organization; be used by the business, governmental or
19 nonprofit organization for any project, activity, or enterprise in
20 this state that fosters economic development; or be held in reserve
21 accounts created as a condition for the extension of financial
22 assistance by the bank.

23 SECTION 2. Sections 489.211 and 489.212, Government Code,
24 are amended to read as follows:

1 Sec. 489.211. TEXAS PRODUCT DEVELOPMENT FUND. (a) The
2 Texas product development fund is a revolving fund in the state
3 treasury.

4 (b) The product fund is composed of proceeds of bonds issued
5 under this subchapter, financing application fees, loan
6 repayments, guarantee fees, royalty receipts, dividend income,
7 money appropriated by the legislature for authorized purposes of
8 the product fund, amounts received by the state from loans, loan
9 guarantees, and equity investments made under this subchapter,
10 amounts received by the state from federal grants or other sources,
11 amounts transferred from the capital access fund pursuant to
12 Section 481.415, and any other amounts received under this
13 subchapter and required by the bank to be deposited in the product
14 fund. The product fund contains a program account, an interest and
15 sinking account, and other accounts that the bank authorizes to be
16 created and maintained. Money in the product fund is available for
17 use by the board under this subchapter. Investment earnings under
18 the product fund must be transferred to the fund created under
19 Section 489.105. Notwithstanding any other provision of this
20 subchapter, any money in the product fund may be used for debt
21 service.

22 (c) Money in the program account of the product fund, minus
23 the costs of issuance of bonds under this subchapter and necessary
24 costs of administering the product fund, may be used only to provide
25 financing to aid in the development and production, including the
26 commercialization, of new or improved products in this state. The
27 bank shall provide financing from the product fund on the terms and

1 conditions that the bank determines to be reasonable, appropriate,
2 and consistent with the purposes and objectives of the product fund
3 and this subchapter, for the purpose of aiding in the development
4 and production of new or improved products in this state.

5 Sec. 489.212. SMALL BUSINESS INCUBATOR FUND. (a) The Texas
6 small business incubator fund is a revolving fund in the state
7 treasury.

8 (b) The small business fund is composed of proceeds of bonds
9 issued under this subchapter, financing application fees, loan
10 repayments, guarantee fees, royalty receipts, dividend income,
11 money appropriated by the legislature for authorized purposes of
12 the small business fund, amounts received by the state from loans,
13 loan guarantees, and equity investments made under this subchapter,
14 amounts received by the state from federal grants or other sources,
15 amounts transferred from the capital access fund pursuant to
16 Section 481.415, and any other amounts received under this
17 subchapter and required by the bank to be deposited in the small
18 business fund. The small business fund contains a project account,
19 an interest and sinking account, and other accounts that the bank
20 authorizes to be created and maintained. Money in the small
21 business fund is available for use by the board under this
22 subchapter. Investment earnings under the small business fund must
23 be transferred to the fund created under Section 489.105.
24 Notwithstanding any other provision of this subchapter, any money
25 in the small business fund may be used for debt service.

26 (c) Money in the project account of the small business fund,
27 minus the costs of issuance of bonds under this subchapter and

1 necessary costs of administering the small business fund, may be
2 used only to provide financing to foster and stimulate the
3 development of small businesses in this state. The bank shall
4 provide financing from the small business fund on the terms and
5 conditions that the bank determines to be reasonable, appropriate,
6 and consistent with the purposes and objectives of the small
7 business fund and this subchapter, for the purpose of fostering and
8 stimulating the development of new or existing small businesses in
9 this state.

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