

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, Section 481, Government Code, is
6 amended by adding Section 481.415 to read as follows:

7 SECTION 481.415. ALLOCATION OF BANK RESOURCES

8 Sec. 481.415. ALLOCATION OF BANK RESOURCES.

9 Notwithstanding other provisions in this subchapter, the bank may
10 allocate resources, including money held in, or due to, the Capital
11 Access Fund account in the General Revenue fund, to bank programs
12 specified in Section 489.108, Government Code and Chapter 489,
13 Subchapter D, Texas Government Code. The bank is specifically
14 authorized to transfer funds held and deposited to the Capital
15 Access Fund to the Product Development Fund created in Section
16 489.211, Government Code and the Small Business Incubator Fund
17 created in Section 489.212, Government Code. Funds transferred by
18 the bank be used by the bank, without further limitation, to make
19 loans to a small or medium-sized business or to a nonprofit
20 organization; be used by the business, governmental or nonprofit
21 organization for any project, activity, or enterprise in this state
22 that fosters economic development; or be held in reserve accounts
23 created as a condition for the extension of financial assistance by
24 the bank.

1 SECTION 2. Chapter 489, Government Code, is amended as
2 follows:

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

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

24 (c) Money in the program account of the product fund, minus
25 the costs of issuance of bonds under this subchapter and necessary
26 costs of administering the product fund, may be used only to provide
27 financing to aid in the development and production, including the

1 commercialization, of new or improved products in this state. The
2 bank shall provide financing from the product fund on the terms and
3 conditions that the bank determines to be reasonable, appropriate,
4 and consistent with the purposes and objectives of the product fund
5 and this subchapter, for the purpose of aiding in the development
6 and production of new or improved products in this state.

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

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

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

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