

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.