

House Bill 3578
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

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

Sec. 481.415. ALLOCATION OF BANK RESOURCES.

Notwithstanding other provisions in this subchapter, the bank may allocate resources, including money held in, or due to, the capital access fund account in the general revenue fund, to bank programs specified in Section 489.108 and Subchapter D, Chapter 489. The bank is specifically authorized to transfer funds held and deposited to the capital access fund to the Texas product development fund created in Section 489.211 and the Texas small business incubator fund created in Section 489.212. Funds transferred by the bank be used by the bank, without further limitation, to make loans to a small or medium-sized business or to a nonprofit organization; be used by the business, governmental or nonprofit organization for any project, activity, or enterprise in this state that fosters economic development; or be held in reserve accounts created as a condition for the extension of financial assistance by the bank.

SENATE VERSION (CS)

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

Sec. 481.415. ALLOCATION AND TRANSFER OF MONEY FROM CAPITAL ACCESS FUND. (a)

Notwithstanding any other provision of this subchapter, the bank may allocate money held in or due to the capital access fund to programs administered by the bank under Section 489.108 or Subchapter D, Chapter 489. The bank may transfer money from the capital access fund to the Texas product development fund or the Texas small business incubator fund.

(b) Notwithstanding Subchapter D, Chapter 489, the bank may use money transferred under Subsection (a) to make loans to small or medium-sized businesses, governmental entities, or nonprofit organizations. A business, governmental entity, or nonprofit organization that receives a loan under this subsection may:

- (1) use the money for any project, activity, or enterprise in this state that fosters economic development; or
- (2) hold the money in a reserve account created as a condition of the extension of the loan.

CONFERENCE

House Bill 3578
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

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

Sec. 489.211. TEXAS PRODUCT DEVELOPMENT FUND.

(a) The Texas product development fund is a revolving fund in the state treasury.

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

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

SENATE VERSION (CS)

SECTION 2. Section 489.211(b), Government Code, is amended to read as follows:

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

CONFERENCE

House Bill 3578
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

consistent with the purposes and objectives of the product fund and this subchapter, for the purpose of aiding in the development and production of new or improved products in this state.

Sec. 489.212. SMALL BUSINESS INCUBATOR FUND.

(a) The Texas small business incubator fund is a revolving fund in the state treasury.

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

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

SENATE VERSION (CS)

SECTION 3. Section 489.212(b), Government Code, is amended to read as follows:

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

CONFERENCE

House Bill 3578
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

be used only to provide financing to foster and stimulate the development of small businesses in this state. The bank shall provide financing from the small business fund on the terms and conditions that the bank determines to be reasonable, appropriate, and consistent with the purposes and objectives of the small business fund and this subchapter, for the purpose of fostering and stimulating the development of new or existing small businesses in this state.

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

SENATE VERSION (CS)

SECTION 4. Same as House version.

CONFERENCE