

By: Johnson of Dallas

H.B. No. 4195

A BILL TO BE ENTITLED

AN ACT

relating to establishing a pilot program to assist small business in obtaining capital.

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

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

SUBCHAPTER CC. SMALL BUSINESS CAPITAL ACCESS PILOT PROGRAM

Sec. 481.451. DEFINITIONS. In this subchapter:

(1) "Capital access fund" means the fund described by Section 481.402.

(2) "Capital access loan," "loan," and "small business" have the meanings assigned by Section 481.401.

(3) "Community development financial institution" has the meaning assigned by 12 U.S.C. Section 4702.

(4) "Disadvantaged individual" means a person whose annual income is equal to or less than \$37,000.

(5) "Program" means the small business capital access pilot program established under this subchapter.

(6) "Rural" means a community located in a county with a population of 50,000 or less.

Sec. 481.452. REQUEST FOR PROPOSALS. Not later than October 1, 2017, the bank shall issue a request for proposals from community development financial institutions based in this state to administer the program. The bank shall select a community

1 development financial institution to administer the program not
2 later than December 1, 2018.

3 Sec. 481.453. PROGRAM FUNDING; PURPOSE. (a) The program
4 shall be funded by allocating not more than 20 percent of the
5 balance of the capital access fund for the purposes of the program.

6 (b) The program shall expand access to capital for small
7 businesses located in this state.

8 Sec. 481.454. PROGRAM ADMINISTRATION. (a) The community
9 development financial institution administering the program shall
10 provide capital access loans to small businesses that face barriers
11 in accessing capital. The institution administering the program
12 shall give special emphasis to small businesses that are owned by:

- 13 (1) disadvantaged individuals;
14 (2) minorities;
15 (3) persons who reside in rural areas;
16 (4) veterans; or
17 (5) women.

18 (b) The maximum forgiveness rate is 30 percent for loans
19 less than or equal to \$50,000.

20 Sec. 481.455. OVERSIGHT. (a) The community development
21 financial institution administering the program shall report
22 monthly to the bank:

- 23 (1) the names of businesses that have received capital
24 access loans;
25 (2) the current balance of all outstanding loans made
26 under the program; and
27 (3) any other information the bank requires.

1 (b) The community development financial institution
2 administering the program shall prepare a detailed financial
3 statement each quarter.

4 (c) The community development financial institution shall
5 allow the bank to inspect the institution's financial records on
6 request.

7 Sec. 481.456. PROGRAM REPORT. The bank shall issue an
8 annual status report on the program, including preliminary or final
9 findings concerning the program's effectiveness. The bank shall
10 deliver its report to the governor, the lieutenant governor, the
11 speaker of the house, and the standing committees of the
12 legislature with primary jurisdiction for small business and
13 economic development.

14 Sec. 481.457. EXPIRATION. This subchapter expires
15 September 1, 2020.

16 SECTION 2. Section 481.402, Government Code, is amended by
17 adding Subsection (d) to read as follows:

18 (d) To carry out the purposes of this subchapter, money in
19 the fund may be appropriated for a loan made under Subchapter CC, as
20 provided by Section 481.453. This subsection expires September 1,
21 2020.

22 SECTION 3. This Act takes effect immediately if it receives
23 a vote of two-thirds of all the members elected to each house, as
24 provided by Section 39, Article III, Texas Constitution. If this
25 Act does not receive the vote necessary for immediate effect, this
26 Act takes effect September 1, 2017.