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| BILL ANALYSIS |

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| H.B. 3942 |
| By: Perez |
| International Relations & Economic Development |
| Committee Report (Unamended) |

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| **BACKGROUND AND PURPOSE**  Lack of access to capital is often cited as a barrier to the growth of small businesses, which plays an important role in state and local economies. H.B. 3942 seeks to provide for more equalized access to funds by creating a small business capital access program under which loans are provided through community development financial institutions to small businesses that have difficulty obtaining loans from traditional sources. |
| **CRIMINAL JUSTICE IMPACT**  It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision. |
| **RULEMAKING AUTHORITY**  It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution. |
| **ANALYSIS**  H.B. 3942 amends the Government Code to establish the small business capital access program for the purpose of expanding access to capital for small businesses to create jobs in Texas and to require the program to be funded by direct appropriation. The bill requires the community development financial institution administering the program to provide capital access loans to small businesses that face barriers in accessing capital and to give special emphasis to small businesses that have difficulty accessing capital.  H.B. 3942 requires a community development financial institution participating in the program to report specified program information quarterly to the Texas Economic Development Bank, to prepare a detailed financial statement each quarter, and to allow the bank to inspect the institution's financial records on request. The bill requires the bank to issue an annual status report on the program and to deliver the report to the governor, the lieutenant governor, the speaker of the house, and the standing committees of the legislature with primary jurisdiction for small business and economic development. |
| **EFFECTIVE DATE**  On passage, or, if the bill does not receive the necessary vote, September 1, 2019. |