

1 AN ACT

2 relating to the creation of the small business disaster recovery  
3 loan program.

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

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

7 SUBCHAPTER CC. SMALL BUSINESS DISASTER RECOVERY LOAN PROGRAM

8 Sec. 481.601. DEFINITIONS. In this subchapter:

9 (1) "Disaster declaration" means a declaration by the  
10 governor of a state of disaster under Section 418.014.

11 (2) "Fund" means the small business disaster recovery  
12 revolving fund created under Section 481.606.

13 (3) "Small business" has the meaning assigned by  
14 Section 481.401.

15 (4) "Trust company" means the Texas Treasury  
16 Safekeeping Trust Company.

17 Sec. 481.602. SMALL BUSINESS DISASTER RECOVERY LOAN  
18 PROGRAM. (a) The office by rule shall establish a loan program to  
19 use money from the fund established under this subchapter to  
20 provide financial assistance to small businesses affected by a  
21 disaster.

22 (b) The office may provide financial assistance from the  
23 fund only:

24 (1) in the form of a loan to an eligible small business

1 that is located in an area under a disaster declaration; and

2 (2) during the period for which the disaster  
3 declaration is in effect.

4 (c) The office shall credit to the fund all principal and  
5 interest payments on a loan from the fund.

6 Sec. 481.603. ELIGIBILITY FOR LOAN. The office by rule  
7 shall establish the eligibility requirements for a loan to a small  
8 business under this subchapter. The requirements must include that  
9 the small business:

10 (1) is in good standing under the laws of this state;

11 (2) does not owe delinquent taxes to a taxing unit of  
12 this state;

13 (3) has suffered physical damage or economic injury as  
14 a result of the event leading to the disaster declaration; and

15 (4) has paid in full any previous loans received under  
16 this subchapter.

17 Sec. 481.604. USES OF LOAN. An eligible small business may  
18 only use a loan received under this subchapter to pay the small  
19 business's payroll costs, including costs related to the  
20 continuation of health care benefits for the small business's  
21 employees.

22 Sec. 481.605. APPLICATION FOR LOAN. The office shall  
23 develop and implement an application process for an eligible small  
24 business to receive a loan under this subchapter.

25 Sec. 481.606. SMALL BUSINESS DISASTER RECOVERY REVOLVING  
26 FUND. (a) The small business disaster recovery revolving fund is  
27 a special fund outside the state treasury to be used by the office,

1 without further legislative appropriation, for the purpose of  
2 providing financial assistance to small businesses in response to a  
3 disaster declaration as provided by this subchapter. The office  
4 shall administer the fund. The office may establish separate  
5 accounts in the fund. The fund and the fund's accounts are kept and  
6 held by the trust company in escrow and in trust for and in the name  
7 of the office. The office has legal title to money and investments  
8 in the fund until money is disbursed from the fund as provided by  
9 this subchapter and office rules.

10 (b) Money deposited to the credit of the fund may be used  
11 only as provided by this subchapter.

12 (c) The fund consists of:

13 (1) money transferred or deposited to the credit of  
14 the fund by law, including money from any source transferred or  
15 deposited to the credit of the fund at the office's discretion as  
16 authorized by law;

17 (2) the proceeds of any fee or tax imposed by this  
18 state that by statute is dedicated for deposit to the credit of the  
19 fund;

20 (3) any other revenue that the legislature by statute  
21 dedicates for deposit to the credit of the fund; and

22 (4) investment earnings and interest earned on amounts  
23 credited to the fund.

24 Sec. 481.607. MANAGEMENT AND INVESTMENT OF FUND. (a) The  
25 trust company shall hold and invest the fund, and any accounts  
26 established in the fund, for and in the name of the office, taking  
27 into account the purposes for which money in the fund may be used.

1 The fund may be co-invested with the state treasury pool.

2 (b) The overall objective for the investment of the fund is  
3 to maintain sufficient liquidity to meet the needs of the fund while  
4 striving to preserve the purchasing power of the fund. It is the  
5 intent of the legislature that the fund remain available in  
6 perpetuity for the purposes of this subchapter.

7 (c) The trust company has any power necessary to accomplish  
8 the purposes of managing and investing the assets of the fund. In  
9 managing the assets of the fund, through procedures and subject to  
10 restrictions the trust company considers appropriate, the trust  
11 company may acquire, exchange, sell, supervise, manage, or retain  
12 any kind of investment that a prudent investor, exercising  
13 reasonable care, skill, and caution, would acquire or retain in  
14 light of the purposes, terms, distribution requirements, and other  
15 circumstances of the fund then prevailing, taking into  
16 consideration the investment of all the assets of the fund rather  
17 than a single investment.

18 (d) The trust company may recover the costs incurred in  
19 managing and investing the fund only from the earnings of the fund.

20 (e) The trust company annually shall report to the office  
21 with respect to the investment of the fund. The trust company shall  
22 contract with a certified public accountant to conduct an  
23 independent audit of the fund annually and shall present the  
24 results of each annual audit to the office. This subsection does  
25 not affect the state auditor's authority to conduct an audit of the  
26 fund under Chapter 321.

27 (f) The trust company shall adopt an investment policy that

1 is appropriate for the fund. The trust company shall present the  
2 investment policy to the investment advisory board established  
3 under Section 404.028. The investment advisory board shall submit  
4 to the trust company recommendations regarding the policy.

5 (g) The office annually shall provide to the trust company a  
6 forecast of the cash flows into and out of the fund. The office  
7 shall provide updates to the forecasts as appropriate to ensure  
8 that the trust company is able to achieve the objective specified by  
9 Subsection (b).

10 (h) The trust company shall disburse money from the fund as  
11 directed by the office.

12 Sec. 481.608. RULES. The office shall adopt rules  
13 necessary to implement this subchapter.

14 Sec. 481.609. REPORT. Not later than December 1 of each  
15 even-numbered year, the office shall prepare and submit to the  
16 governor, the lieutenant governor, and each member of the  
17 legislature a report that includes:

18 (1) the balance of the fund as of the date of the  
19 report;

20 (2) the total dollar amount of disbursements from the  
21 fund during the two-year period preceding that date; and

22 (3) a general description of each small business for  
23 which an applicant was awarded a loan from the fund during the  
24 two-year period preceding that date.

25 SECTION 2. The Texas Economic Development and Tourism  
26 Office and the Texas Treasury Safekeeping Trust Company are  
27 required to implement a provision of this Act only if the

1 legislature appropriates money specifically for that purpose. If  
2 the legislature does not appropriate money specifically for that  
3 purpose, the office and the trust company may, but are not required  
4 to, implement a provision of this Act using other appropriations  
5 that are available for that purpose.

6 SECTION 3. This Act takes effect September 1, 2021.

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 678 passed the Senate on  
April 28, 2021, by the following vote: Yeas 24, Nays 7.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 678 passed the House on  
May 25, 2021, by the following vote: Yeas 109, Nays 37, one  
present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor