

By: Blanco

S.B. No. 2123

A BILL TO BE ENTITLED

AN ACT

relating to establishing a program to assist micro-businesses by increasing access to 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. MICRO-BUSINESS CAPITAL ACCESS PROGRAM

Sec. 481.451. DEFINITIONS. In this subchapter:

(1) "Capital access loan" has the meaning assigned by Section 481.401.

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

(3) "Default rate" means the percentage of loans made that did not meet the payment terms during a period specified by the bank.

(4) "Micro-business" has the meaning assigned by Section 481.405(f).

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

Sec. 481.452. PROGRAM FUNDING; PURPOSE. (a) The program shall be funded by direct appropriation.

(b) The program shall expand access to capital for micro-businesses to create jobs in this state.

Sec. 481.453. PROGRAM ADMINISTRATION. The community

1 development financial institution administering the program shall
2 provide capital access loans to micro-businesses that face barriers
3 in accessing capital. The institution administering the program
4 shall give special emphasis to micro-businesses that have
5 difficulty in accessing capital.

6 Sec. 481.454. OVERSIGHT. (a) A community development
7 financial institution participating in the program shall report
8 quarterly to the bank:

9 (1) the names of micro-businesses that have received
10 capital access loans;

11 (2) the current balance of all outstanding loans made
12 under the program;

13 (3) the default rate on existing loans; and

14 (4) any other information the bank requires.

15 (b) A community development financial institution
16 participating in the program shall prepare a detailed financial
17 statement each quarter.

18 (c) A community development financial institution shall
19 allow the bank to inspect the institution's financial records on
20 request.

21 Sec. 481.455. PROGRAM REPORT. The bank shall issue an
22 annual status report on the program. The bank shall deliver its
23 report to the governor, the lieutenant governor, the speaker of the
24 house, and the standing committees of the legislature with primary
25 jurisdiction over micro-businesses and economic development.

26 SECTION 2. Section 481.405, Government Code, is amended by
27 amending Subsection (e) and adding Subsection (f) to read as

1 follows:

2 (e) To qualify as a capital access loan, a loan must:

3 (1) be made to a micro-business, small business, or
4 medium-sized business or to a nonprofit organization;

5 (2) be used by the business or nonprofit organization
6 for any project, activity, or enterprise in this state that fosters
7 economic development; and

8 (3) meet any other criteria provided by this
9 subchapter.

10 (f) In this section, "micro-business" means a corporation,
11 partnership, sole proprietorship, or other legal entity that:

12 (1) is domiciled in this state or has at least 51
13 percent of its employees located in this state;

14 (2) is formed to make a profit;

15 (3) is independently owned and operated; and

16 (4) has not more than 20 employees.

17 SECTION 3. This Act takes effect immediately if it receives
18 a vote of two-thirds of all the members elected to each house, as
19 provided by Section 39, Article III, Texas Constitution. If this
20 Act does not receive the vote necessary for immediate effect, this
21 Act takes effect September 1, 2021.