

By: Ashby

H.B. No. 2667

A BILL TO BE ENTITLED

AN ACT

relating to the abolishment of certain programs and funds
administered by the Texas Economic Development Bank.

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

SECTION 1. The following laws are repealed:

- (1) Subchapter N, Chapter 481, Government Code;
- (2) Subchapter BB, Chapter 481, Government Code;
- (3) Subchapter D, Chapter 489, Government Code; and
- (4) Chapter 503, Local Government Code.

SECTION 2. Section 447.013, Government Code, is amended by
amending Subsection (i) and adding Subsection (j) to read as
follows:

(i) A recipient of a grant or loan under this section is
encouraged to purchase goods and services from small businesses and
historically underutilized businesses~~[, as those terms are defined
by Section 481.191, Government Code]~~.

(j) For the purposes of Subsection (i):

(1) "Historically underutilized business" means:

(A) a corporation formed for the purpose of
making a profit in which at least 51 percent of all classes of the
shares of stock or other equitable securities is owned by one or
more persons who are members of certain groups, including black
Americans, Hispanic Americans, women, Asian Pacific Americans, and
American Indians;

1 (B) a sole proprietorship formed for the purpose
2 of making a profit that is 100 percent owned, operated, and
3 controlled by a person described by Paragraph (A);

4 (C) a partnership formed for the purpose of
5 making a profit in which 51 percent of the assets and interest in
6 the partnership is owned by one or more persons described by
7 Paragraph (A). Those persons must have proportionate interest and
8 demonstrate active participation in the control, operation, and
9 management of the partnership's affairs; or

10 (D) a joint venture in which each entity in the
11 joint venture is a historically underutilized business under this
12 subdivision.

13 (2) "Small business" means a corporation,
14 partnership, sole proprietorship, or other legal entity that:

15 (A) is domiciled in this state;

16 (B) is formed to make a profit;

17 (C) is independently owned and operated; and

18 (D) employs fewer than 100 full-time employees.

19 SECTION 3. Section 489.105(b), Government Code, is amended
20 to read as follows:

21 (b) The fund consists of:

22 (1) appropriations for the implementation and
23 administration of this chapter;

24 (2) ~~[investment earnings under the capital access fund~~
25 ~~established under Section 481.402,~~

26 ~~[(3) fees charged under Subchapter BB, Chapter 481,~~

27 ~~[(4)]~~ interest earned on the investment of money in

1 the fund;

2 (3) ~~[(5)]~~ fees charged under this chapter;

3 (4) ~~[(6)]~~ investment earnings from the programs
4 administered by the bank;

5 (5) ~~[(7)]~~ amounts transferred under Section
6 [2303.504](#)(b), as amended by Article 2, Chapter 1134, Acts of the 77th
7 Legislature, Regular Session, 2001; and

8 (6) ~~[(8)] investment earnings under the Texas product~~
9 ~~development fund under Section [489.211](#);~~

10 ~~[(9)] investment earnings under the Texas small~~
11 ~~business incubator fund under Section [489.212](#); and~~

12 ~~[(10)]~~ any other amounts received by the state under
13 this chapter.

14 SECTION 4. Section [489.108](#), Government Code, is amended to
15 read as follows:

16 Sec. 489.108. PROGRAMS, SERVICES, AND FUNDS UNDER BANK'S
17 DIRECTION. Notwithstanding any other law, the bank shall perform
18 the duties and functions of the office with respect to the following
19 programs, services, and funds:

20 (1) ~~[the Texas Small Business Industrial Development~~
21 ~~Corporation established under Chapter 503, Local Government Code,~~

22 ~~[(2)] the capital access program established under~~
23 ~~Section [481.405](#);~~

24 ~~[(3)]~~ the Texas leverage fund;

25 (2) ~~[(4)] the linked deposit program established under~~
26 ~~Section [481.193](#);~~

27 ~~[(5)]~~ the enterprise zone program established under

Chapter 2303;

(3) ~~[(6)]~~ the industrial revenue bond program;

(4) ~~[(7)]~~ the defense economic readjustment zone program established under Chapter 2310;

(5) ~~[(8)]~~ the Empowerment Zone and Enterprise Community grant program established under Section 481.025; and

(6) ~~[(9)]~~ the renewal community program.

SECTION 5. Section 39.909(a), Utilities Code, is amended to read as follows:

(a) In this section:

(1) "Small ~~[-, "small]~~ business" means a corporation, partnership, sole proprietorship, or other legal entity that:

(A) is domiciled in this state;

(B) is formed to make a profit;

(C) is independently owned and operated; and

(D) employs fewer than 100 full-time employees.

(2) "Historically ~~[and "historically]~~ underutilized business" means:

(A) a corporation formed for the purpose of making a profit in which at least 51 percent of all classes of the shares of stock or other equitable securities is owned by one or more persons who are members of certain groups, including black Americans, Hispanic Americans, women, Asian Pacific Americans, and American Indians;

(B) a sole proprietorship formed for the purpose of making a profit that is 100 percent owned, operated, and controlled by a person described by Paragraph (A);

1 (C) a partnership formed for the purpose of
2 making a profit in which 51 percent of the assets and interest in
3 the partnership is owned by one or more persons described by
4 Paragraph (A). Those persons must have proportionate interest and
5 demonstrate active participation in the control, operation, and
6 management of the partnership's affairs; or

7 (D) a joint venture in which each entity in the
8 joint venture is a historically underutilized business under this
9 subdivision [~~have the meanings assigned by Section 481.191,~~
10 ~~Government Code~~].

11 SECTION 6. Section 52.256(a), Utilities Code, is amended to
12 read as follows:

13 (a) In this section:

14 (1) "Small [~~, "small~~] business" means a corporation,
15 partnership, sole proprietorship, or other legal entity that:

16 (A) is domiciled in this state;

17 (B) is formed to make a profit;

18 (C) is independently owned and operated; and

19 (D) employs fewer than 100 full-time employees.

20 (2) "Historically [~~and "historically~~] underutilized
21 business" means:

22 (A) a corporation formed for the purpose of
23 making a profit in which at least 51 percent of all classes of the
24 shares of stock or other equitable securities is owned by one or
25 more persons who are members of certain groups, including black
26 Americans, Hispanic Americans, women, Asian Pacific Americans, and
27 American Indians;

1 (B) a sole proprietorship formed for the purpose
2 of making a profit that is 100 percent owned, operated, and
3 controlled by a person described by Paragraph (A);

4 (C) a partnership formed for the purpose of
5 making a profit in which 51 percent of the assets and interest in
6 the partnership is owned by one or more persons described by
7 Paragraph (A). Those persons must have proportionate interest and
8 demonstrate active participation in the control, operation, and
9 management of the partnership's affairs; or

10 (D) a joint venture in which each entity in the
11 joint venture is a historically underutilized business under this
12 subdivision [~~have the meanings assigned by Section [481.191](#),~~
13 ~~Government Code~~].

14 SECTION 7. (a) The Texas Economic Development Bank shall
15 reject any application for a linked deposit loan submitted to the
16 bank before the effective date of this Act for which a linked
17 deposit has not been made in accordance with Subchapter N, Chapter
18 481, Government Code, as that subchapter existed immediately before
19 being repealed by this Act.

20 (b) Notwithstanding the repeal by this Act of Subchapter N,
21 Chapter 481, Government Code, Subchapter N is continued in effect
22 for the limited purpose of allowing the Texas Economic Development
23 Bank to administer linked deposits made before the effective date
24 of this Act and to pursue the bank's remedies under that subchapter
25 if:

26 (1) a recipient of a loan to which a deposit is linked
27 defaults on the loan; or

1 (2) a lending institution that makes a loan for which a
2 linked deposit is made fails to comply with that subchapter.

3 SECTION 8. On the effective date of this Act the Texas
4 Economic Development Bank shall allocate any unencumbered balance
5 of the capital access fund to programs administered by the bank
6 under Section [489.108](#), Government Code, as amended by this Act.

7 SECTION 9. (a) Notwithstanding the repeal by this Act of
8 Subchapter D, Chapter 489, Government Code, Subchapter D is
9 continued in effect for the limited purpose of allowing the Texas
10 Economic Development Bank to:

11 (1) administer any outstanding loans entered into
12 under that subchapter before the effective date of this Act; and

13 (2) satisfy any bond obligations or pay any other
14 obligations, contractual or otherwise, incurred under that
15 subchapter before the effective date of this Act.

16 (b) After all the obligations described by Subsection
17 (a)(2) of this section have been paid or satisfied, the Texas
18 Economic Development Bank shall allocate any remaining balances of
19 the Texas product development fund and the Texas small business
20 incubator fund to programs administered by the bank under Section
21 [489.108](#), Government Code, as amended by this Act.

22 SECTION 10. As soon as practicable after the effective date
23 of this Act, the Texas Economic Development Bank shall send to the
24 comptroller for deposit in the general revenue fund any revenue or
25 other money of the Texas Small Business Industrial Development
26 Corporation held in financial institutions as provided by Section
27 [503.055](#), Local Government Code, as that section existed immediately

1 before that section's repeal by this Act.

2 SECTION 11. This Act takes effect September 1, 2015.