

Chapter 364

H.B. No. 2667

1 AN ACT

2 relating to the abolishment of certain programs administered by the  
3 Texas Economic Development Bank.

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

5 SECTION 1. The following laws are repealed:

- 6 (1) Subchapter N, Chapter 481, Government Code; and  
7 (2) Chapter 503, Local Government Code.

8 SECTION 2. Section 447.013(i), Government Code, is amended  
9 to read as follows:

10 (i) A recipient of a grant or loan under this section is  
11 encouraged to purchase goods and services from small businesses and  
12 historically underutilized businesses, as those terms are defined  
13 by former Section 481.191, as that section existed on January 1,  
14 2015 [~~Government Code~~].

15 SECTION 3. Section 489.108, Government Code, is amended to  
16 read as follows:

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

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

23 [(2)] the capital access program established under  
24 Section 481.405;

- 1           (2) [~~(3)~~] the Texas leverage fund;
- 2           (3) [~~(4)~~] ~~the linked deposit program established under~~  
3 ~~Section 481.193,~~
- 4           [~~(5)~~] the enterprise zone program established under  
5 Chapter 2303;
- 6           (4) [~~(6)~~] the industrial revenue bond program;
- 7           (5) [~~(7)~~] the defense economic readjustment zone  
8 program established under Chapter 2310;
- 9           (6) [~~(8)~~] the Empowerment Zone and Enterprise  
10 Community grant program established under Section 481.025; and
- 11           (7) [~~(9)~~] the renewal community program.

12           SECTION 4. Section 39.909(a), Utilities Code, is amended to  
13 read as follows:

14           (a) In this section, "small business" and "historically  
15 underutilized business" have the meanings assigned by former  
16 Section 481.191, Government Code, as that section existed on  
17 January 1, 2015.

18           SECTION 5. Section 52.256(a), Utilities Code, is amended to  
19 read as follows:

20           (a) In this section, "small business" and "historically  
21 underutilized business" have the meanings assigned by former  
22 Section 481.191, Government Code, as that section existed on  
23 January 1, 2015.

24           SECTION 6. (a) The Texas Economic Development Bank shall  
25 reject any application for a linked deposit loan submitted to the  
26 bank before the effective date of this Act for which a linked  
27 deposit has not been made in accordance with Subchapter N, Chapter

1 481, Government Code, as that subchapter existed immediately before  
2 being repealed by this Act.

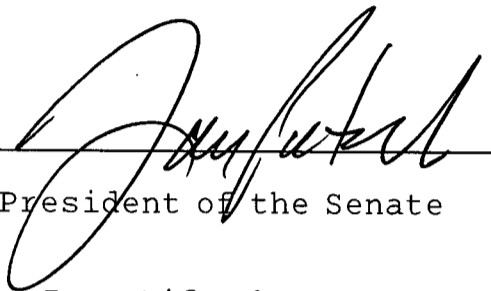
3 (b) Notwithstanding the repeal by this Act of Subchapter N,  
4 Chapter 481, Government Code, Subchapter N is continued in effect  
5 for the limited purpose of allowing the Texas Economic Development  
6 Bank to administer linked deposits made before the effective date  
7 of this Act and to pursue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

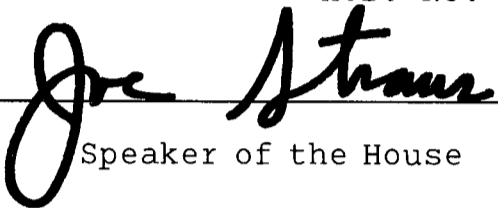
9 (1) a recipient of a loan to which a deposit is linked  
10 defaults on the loan; or

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

13 SECTION 7. As soon as practicable after the effective date  
14 of this Act, the Texas Economic Development Bank shall send to the  
15 comptroller for deposit in the general revenue fund any revenue or  
16 other money of the Texas Small Business Industrial Development  
17 Corporation held in financial institutions as provided by Section  
18 503.055, Local Government Code, as that section existed immediately  
19 before that section's repeal by this Act.

20 SECTION 8. This Act takes effect September 1, 2015.

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

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

I certify that H.B. No. 2667 was passed by the House on May 5, 2015, by the following vote: Yeas 145, Nays 0, 2 present, not voting.

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

I certify that H.B. No. 2667 was passed by the Senate on May 20, 2015, by the following vote: Yeas 31, Nays 0.

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

APPROVED: 4-3-2015

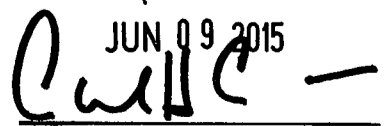
Date

  
\_\_\_\_\_  
Governor

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE

10<sup>30</sup> pm O'CLOCK

JUN 09 2015

  
\_\_\_\_\_  
Secretary of State

**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 8, 2015**

**TO:** Honorable Troy Fraser, Chair, Senate Committee on Natural Resources & Economic Development

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2667** by Ashby (Relating to the abolishment of certain programs administered by the Texas Economic Development Bank.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2667, As Engrossed: a positive impact of \$846,024 through the biennium ending August 31, 2017.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	\$846,024
2017	\$0
2018	\$0
2019	\$0
2020	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund
	1
2016	\$846,024
2017	\$0
2018	\$0
2019	\$0
2020	\$0

**Fiscal Analysis**

The bill would abolish the Linked Deposit and the Texas Small Business Industrial Development Corporation programs. The bill would transfer all revenue or other money of the Texas Small Business Industrial Development Corporation to the Economic Development Bank. The bill would

take effect September 1, 2015.

**Methodology**

Based on provisions of this bill, fees generated by the Texas Small Business Industrial Development Corporation under Chapter 503, Local Government Code, and deposited outside the state Treasury would be transferred to General Revenue. The Governor's office estimates these fees to be \$846,024.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 301 Office of the Governor, 304 Comptroller of Public Accounts

**LBB Staff:** UP, SZ, CL, EP, LBe

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 21, 2015**

**TO:** Honorable Angie Chen Button, Chair, House Committee on Economic & Small Business Development

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **HB2667** by Ashby (Relating to the abolishment of certain programs administered by the Texas Economic Development Bank.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2667, Committee Report 1st House, Substituted: a positive impact of \$846,024 through the biennium ending August 31, 2017.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2016	\$846,024
2017	\$0
2018	\$0
2019	\$0
2020	\$0

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Revenue Gain/(Loss) from General Revenue Fund</b>
2016	\$846,024
2017	\$0
2018	\$0
2019	\$0
2020	\$0

**Fiscal Analysis**

The bill would abolish the Linked Deposit and the Texas Small Business Industrial Development Corporation programs. The bill would transfer all revenue or other money of the Texas Small

Business Industrial Development Corporation to the Economic Development Bank. The bill would take effect September 1, 2015.

**Methodology**

Based on provisions of this bill, fees generated by the Texas Small Business Industrial Development Corporation under Chapter 503, Local Government Code, and deposited outside the state Treasury would be transferred to General Revenue. The Governor's office estimates these fees to be \$846,024.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 301 Office of the Governor, 304 Comptroller of Public Accounts

**LBB Staff:** UP, CL, EP, LBe



**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 2, 2015**

**TO:** Honorable Angie Chen Button, Chair, House Committee on Economic & Small Business Development

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2667** by Ashby (Relating to the abolishment of certain programs and funds administered by the Texas Economic Development Bank.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2667, As Introduced: a negative impact of (\$11,001,000) through the biennium ending August 31, 2017.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$11,001,000)
2017	\$0
2018	\$0
2019	\$0
2020	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from Economic Development Bank 5106	Probable Revenue Gain/(Loss) from Small Business Incubator Fund 588	Probable Revenue Gain/(Loss) from Texas Product Development Fund 589
2016	(\$11,001,000)	\$1,650,000	(\$19,750,000)	(\$15,714,000)
2017	\$0	\$2,195,000	(\$269,000)	(\$1,926,000)
2018	\$0	\$2,195,000	(\$269,000)	(\$1,926,000)
2019	\$0	\$2,195,000	(\$269,000)	(\$1,926,000)
2020	\$0	\$2,195,000	(\$269,000)	(\$1,926,000)

**Fiscal Analysis**

The bill would abolish the Linked Deposit, Capital Access, Product Development and Small

Business Incubator, and the Texas Small Business Industrial Development Corporation programs. The bill would transfer all revenue or other money of the Texas Small Business Industrial Development Corporation to the Economic Development Bank. The bill would take effect September 1, 2015.

### **Methodology**

The fiscal impact of the bill were based on the Comptroller's 2016-17 Biennial Revenue Estimate.

It is assumed that all of the projected cash balances in the 2016-17 Biennial Revenue Estimate of the Small Business Incubator Fund 0588 and the Texas Product Development Fund 0589 would be used to pay for \$45,000,000 in issued bonds pursuant to the provisions of the Texas Constitution, Article 16 Section 71 under which the bonds were issued. Since the balances of those funds are not sufficient to fully pay for issued bonds, \$11,847,000 would be paid from General Revenue. Outstanding encumbrances and obligations of the funds could decrease the amount of cash balances available and increase the amount of General Revenue required to pay for outstanding bonds.

Based on provisions of the bill, fees generated by the Texas Small Business Industrial Development Corporation under Chapter 503, Local Government Code, and deposited outside the state Treasury would be transferred to GR. The Governor's office estimates these fees to be \$846,024. The sum of those two components will be a GR loss of \$11,001,000.

Loan repayment revenues that are currently deposited to Funds 588 and 589 would be deposited to General Revenue - Dedicated Economic Development Bank Account No. 5106 on September 1, 2015. The Comptroller estimates that amount to be \$2,195,000 per fiscal year.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 301 Office of the Governor, 304 Comptroller of Public Accounts

**LBB Staff:** UP, CL, EP, LBe, KVe