

SUBJECT: Eliminating TDOC authority to make direct loans to businesses

COMMITTEE: Economic Development — favorable, without amendment

VOTE: 7 ayes — Oliveira, Yarbrough, Davis, Luna, Raymond, Shields, Van de Putte
0 nays
2 absent — Moffat, Solomons

WITNESSES: For — None
Against — None
On — Dan McNeil, Texas Department of Commerce

DIGEST: HB 2344 would eliminate Texas Department of Commerce authority to make direct loans to businesses for startups, expansions and export transactions in world trade programs and under the Texas Exporters Loan Guaranty Fund and the Texas Rural Economic Development Loan Fund. HB 2344 would take effect immediately if approved by a two-thirds vote of the membership of each house.

SUPPORTERS SAY: HB 2344 would eliminate the virtually unused authority of TDOC to make direct loans to businesses for economic development. Although the commerce department has had the authority to make direct loans, as well as loan guarantees, to businesses for startups, expansions and export transactions, it has rarely made such loans.

Direct loans use state resources unnecessarily to underwrite and service loans that can be made by the private sector. Furthermore, direct loans reduce the funds available for loan guarantees, which can have a more effective impact if leveraged at more than a one-to-one ratio.

OPPONENTS SAY: No apparent opposition