

BILL ANALYSIS

Senate Research Center

S.B. 1877
By: Wentworth
Jurisprudence
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As Filed

DIGEST

Currently, there is no law providing for multi-bank community development corporations to invest in or loan funds to businesses that employ low- and moderate-income persons located in distressed areas. This bill creates the Texas Community Investment Program to create multi-bank community development corporations to invest in or loan funds to businesses that employ low- and moderate-income persons located in distressed areas.

PURPOSE

As proposed, S.B. 1877 creates the Texas Community Investment Program to create multi-bank community development corporations to invest in or loan funds to businesses that employ low-and moderate-income persons located in distressed areas.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the Texas Department of Housing and Community Affairs in SECTION 1 (Section 2306.623, Government Code) and to the governing board of the Texas Department of Housing and Community Affairs in SECTION 1 (Section 2306.633, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 2306, Government Code, by adding Subchapter AA, as follows:

SUBCHAPTER AA. TEXAS COMMUNITY INVESTMENT PROGRAM

Sec. 2306.621. DEFINITIONS. Defines "multi-bank community development corporation" and "program."

Sec. 2306.622. COMMUNITY INVESTMENT PROGRAM. Creates the community investment program (program). Sets forth the eligibility of the program.

Sec. 2306.623. RULE-MAKING AUTHORITY. Requires the Texas Department of Housing and Community Affairs (department) to adopt rules relating to the implementation of the program and any other rules necessary to accomplish the purposes of this subchapter.

Sec. 2306.624. GRANT APPLICATION. Authorizes an eligible multi-bank community development corporation to file a grant application. Sets forth the requirements of a grant application. Provides that the application should be acted upon in a certain period of time after being filed.

Sec. 2306.625. PROVISIONS RELATING TO GRANTS. Sets forth requirements of grants under the program.

Sec. 2306.626. ELIGIBLE LOANS. Sets forth requirements for loan requests made by businesses to an investment committee. Sets forth the constituency of the investment committee.

Sec. 2306.627. LIMITATION ON USE OF GRANT. Requires a multi-bank community development corporation to invest at least 60 percent of the amounts received under the program in businesses that have been in existence for at least one year before the investment is made.

Sec. 2306.628. COLLABORATIVE EFFORT. Authorizes a multi-bank community development corporation to make a loan or investment under the program through partnerships or joint investments.

Sec. 2306.629. PROVISIONS RELATING TO LOANS. Sets forth requirements of loans made by a multi-bank community development corporation.

Sec. 2306.630. PROVISIONS RELATING TO EQUITY INVESTMENTS. Sets forth requirements of an equity investment made by a multi-bank community development corporation.

Sec. 2306.631. INTEREST INCOME. Provides that all income on an investment or loan made under the program is property of the multi-bank community development corporation that makes the loan or investment.

Sec. 2306. SEMI-ANNUAL REPORT. Sets forth requirements for a semi-annual report to be submitted by a multi-bank community development corporation.

Sec. 2306.633. ANNUAL AUDIT. Sets forth requirements of an annual audit of amounts awarded to the multi-bank community development corporation under the program. Requires the governing board of the department to adopt rules relating to the format of the audit.

SECTION 2. Effective date: September 1, 1997.

SECTION 3. Emergency clause.