

BILL ANALYSIS

Senate Research Center
77R9936 DLF-F

H.B. 3589
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Business & Commerce
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Engrossed

DIGEST AND PURPOSE

In 1999, the legislature established the Texas Film Industry Development Loan Guarantee Program and the Texas Film Industry Administrative Fund to assist film makers in borrowing money to make films. The application for a loan guarantee requires a film producer to provide to the comptroller an indemnity against loss that equals the amount guaranteed by the state. The indemnity must be issued by a Texas-licensed insurance company, surety company, or financial institution. H.B. 3589 adds a surplus lines insurance company to this list, and sets forth provisions regarding a loan guarantee.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the comptroller in SECTION 3 (Section 403.332, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 403.327, Government Code, to require the indemnity to be issued to the comptroller as the beneficiary of the indemnity by an eligible surplus lines insurer that meets certain requirements and rules and is approved by the comptroller.

SECTION 2. Amends Section 403.329, Government Code, to authorize the comptroller to require the payment of a guarantee fee for approval of the issuance of a loan guarantee and to set the fee in an amount sufficient to fund the administration of the program.

SECTION 3. Amends Section 403.332, Government Code, to authorize the comptroller, subject to the limit established under this section, to approve loan guarantees in an amount that exceeds the amount available in the Texas film industry administrative fund established under Section 403.323. Prohibits loan guarantees approved by the comptroller from exceeding the guarantee-to-reserve ratio established by the comptroller under this section. Authorizes the comptroller by rule to adopt a guarantee-to-reserve ratio that determines the amount of loan guarantees that may be made that exceed the amount available in the fund. Prohibits the ratio of guarantees to the amount of money available in the fund from exceeding five to one. Requires the comptroller to review the guarantee-to-reserve ratio annually and adjust the ratio as appropriate, considering the payment experience of the loans.

SECTION 4. Effective date: September 1, 2001.