

- SUBJECT:** Abolishing certain programs of the Texas Economic Development Bank
- COMMITTEE:** Economic and Small Business Development — committee substitute recommended
- VOTE:** 9 ayes — Button, Johnson, C. Anderson, Faircloth, Isaac, Metcalf, E. Rodriguez, Villalba, Vo
- 0 nays
- WITNESSES:** For — (*Registered, but did not testify:* Carlton Schwab, Texas Economic Development Council)
- Against — None
- On — Terry Zrubek, Office of the Governor, Economic Development and Tourism
- BACKGROUND:** Government Code, ch. 489 established the Texas Economic Development Bank. The bank houses a number of financing and other economic development programs to provide globally competitive, cost-effective state incentives to expanding businesses operating in or relocating to Texas.
- The Small Business Industrial Development Corporation, governed by Local Government Code, ch. 503, and the Linked Deposit Program, governed by Government Code, ch. 481, subch. N, are programs within the Texas Economic Development Bank designed to increase small, medium, and historically underutilized businesses' access to credit.
- Both the Small Business Industrial Development Corporation and the Linked Deposit Program have been dormant for years and currently have little to no funding. The Office of the Governor and the Office of the Comptroller of Public Accounts have other programs designed to increase small and historically underutilized businesses' access to credit.

**DIGEST:** CSHB 2667 would discontinue the Small Business Industrial Development Corporation and the Linked Deposit Program. The Linked Deposit Program would be allowed to continue for the limited purpose of allowing the Texas Economic Development Bank to administer linked deposits made before the effective date of the bill and to pursue remedies for borrowers who defaulted on their loans or banks that failed to comply with the subchapter governing the Linked Deposit Program.

As soon as practicable after the effective date of the bill, the Texas Economic Development Bank would be required to send any remaining funds from the Texas Small Business Industrial Development Corporation to the comptroller's office to be deposited in the general revenue fund.

The bill would take effect September 1, 2015.

**NOTES:** The Legislative Budget Board estimates that CSHB 2667 would have a positive impact of \$846,024 to general revenue through fiscal 2016-17.