

GOVERNMENT CODE

TITLE 4. EXECUTIVE BRANCH

SUBTITLE F. COMMERCE AND INDUSTRIAL DEVELOPMENT

CHAPTER 481. TEXAS ECONOMIC DEVELOPMENT AND TOURISM OFFICE

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 481.001. DEFINITIONS. In this chapter:

(1) Repealed by Acts 2003, 78th Leg., ch. 814, Sec. 6.01(3).

(2) "Bond" includes a note, draft, bill, warrant, debenture, certificate, or other evidence of indebtedness.

(3), (4) Repealed by Acts 2003, 78th Leg., ch. 814, Sec. 6.01(3).

(5) "Bank" means the Texas Economic Development Bank.

(6) "Industry cluster" means a concentration of businesses and industries in a geographic region that are interconnected by the markets they serve, the products they produce, their suppliers, the trade associations to which their employees belong, and the educational institutions from which their employees or prospective employees receive training.

(7) "Office" means the Texas Economic Development and Tourism Office.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.
Amended by Acts 1991, 72nd Leg., 2nd C.S., ch. 11, Sec. 1, eff. Sept. 1, 1991; Acts 1997, 75th Leg., ch. 1041, Sec. 2, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 814, Sec. 1.02, 6.01(3), eff. Sept. 1, 2003.

Sec. 481.002. OFFICE. The Texas Economic Development and Tourism Office is an office within the office of the governor.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.
Amended by Acts 1997, 75th Leg., ch. 1041, Sec. 3, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 814, Sec. 1.03, eff. Sept. 1, 2003.

Sec. 481.003. SUNSET PROVISION. The Texas Economic Development and Tourism Office is subject to Chapter 325 (Texas

Sunset Act). Unless continued in existence as provided by that chapter, the office is abolished and this chapter expires September 1, 2023.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.

Amended by Acts 1991, 72nd Leg., 1st C.S., ch. 17, Sec. 1.22, eff.

Nov. 12, 1991; Acts 1993, 73rd Leg., ch. 986, Sec. 1, eff. Sept. 1,

1993; Acts 1997, 75th Leg., ch. 1041, Sec. 4, eff. Sept. 1, 1997;

Acts 2001, 77th Leg., ch. 1481, Sec. 1.01(a), eff. Sept. 1, 2001;

Acts 2003, 78th Leg., ch. 814, Sec. 1.04, eff. Sept. 1, 2003.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1232 (S.B. 652), Sec. 5.04, eff. June 17, 2011.

Acts 2021, 87th Leg., R.S., Ch. 850 (S.B. 713), Sec. 1.01, eff. June 16, 2021.

Sec. 481.0042. CONFLICT OF INTEREST. (a) A person may not be the executive director or an employee of the office employed in a "bona fide executive, administrative, or professional capacity," as that phrase is used for purposes of establishing an exemption to the overtime provisions of the federal Fair Labor Standards Act of 1938 (29 U.S.C. Section 201 et seq.), and its subsequent amendments, if the person:

(1) is employed by, participates in the management of, or is a paid consultant of a business entity that contracts with the office;

(2) owns or controls, directly or indirectly, more than a 10 percent interest in a business entity or other organization that contracts with the office;

(3) uses or receives a substantial amount of tangible goods, services, or funds from the office, other than compensation or reimbursement authorized by law for employee salaries and benefits; or

(4) is an officer, employee, or paid consultant of a trade association of businesses in the field of economic development or tourism or that contracts with the office.

(b) A person may not be the executive director or an employee of the office if the person's spouse:

(1) is employed by, participates in the management of, or is a paid consultant of a business entity that contracts with the office;

(2) owns or controls, directly or indirectly, more than a 10 percent interest in a business entity or other organization that contracts with the office;

(3) uses or receives a substantial amount of tangible goods, services, or funds from the office; or

(4) is an officer, manager, or paid consultant of a trade association of businesses in the field of economic development or tourism or that contracts with the office.

(c) For the purposes of this section, a trade association is a nonprofit, cooperative, and voluntarily joined association of business or professional competitors in this state designed to assist its members and its industry or profession in dealing with mutual business or professional problems and in promoting their common interest.

(d) For the purposes of this section, a business entity is a sole proprietorship, partnership, firm, corporation, holding company, joint stock company, receivership, trust, or any other entity recognized in law through which business for profit is conducted.

(e) A person may not be the executive director or an employee of the office if the person is required to register as a lobbyist under Chapter 305 because of the person's activities for compensation on behalf of a business entity that has an interest in a contract with the office or a profession related to the operation of the office.

(f) A person may not act as the general counsel to the office if the person is required to register as a lobbyist under Chapter 305 because of the person's activities for compensation on behalf of a profession related to the operation of the office.

Added by Acts 1991, 72nd Leg., 2nd C.S., ch. 11, Sec. 3, eff. Sept. 1, 1991. Amended by Acts 1993, 73rd Leg., ch. 986, Sec. 4, eff. Sept. 1, 1993; Acts 1997, 75th Leg., ch. 1041, Sec. 7, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 814, Sec. 1.05, eff. Sept. 1, 2003.

Sec. 481.0045. NEGOTIATED RULEMAKING AND ALTERNATIVE DISPUTE RESOLUTION POLICY. (a) The office shall develop and implement a policy to encourage the use of:

(1) negotiated rulemaking procedures under Chapter 2008 for the adoption of office rules; and

(2) appropriate alternative dispute resolution procedures under Chapter 2009 to assist in the resolution of internal and external disputes under the office's jurisdiction.

(b) The office's procedures relating to alternative dispute resolution must conform, to the extent possible, to any model guidelines issued by the State Office of Administrative Hearings for the use of alternative dispute resolution by state agencies.

(c) The office shall designate a trained person to:

(1) coordinate the implementation of the policy adopted under Subsection (a);

(2) serve as a resource for any training needed to implement the procedures for negotiated rulemaking or alternative dispute resolution; and

(3) collect data concerning the effectiveness of those procedures, as implemented by the office.

Added by Acts 2003, 78th Leg., ch. 814, Sec. 1.06, eff. Sept. 1, 2003.

Sec. 481.005. EXECUTIVE DIRECTOR; DUTIES. (a) The governor shall appoint an executive director of the office who serves at the pleasure of the governor.

(b) The executive director must have demonstrated experience in the areas of economic development or tourism and executive and organizational ability.

(c) The executive director shall manage the affairs of the office under the direction of the governor.

(d) The executive director shall direct the activities of the office and, in performing that duty, shall establish policy, adopt rules, evaluate the implementation of new legislation that affects the office's duties, review and comment on the office's budget, prepare an annual report of the office's activities, conduct investigations and studies, and develop long-range plans

for the future goals and needs of the office.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.

Amended by Acts 1991, 72nd Leg., 2nd C.S., ch. 11, Sec. 4, eff. Sept. 1, 1991; Acts 1993, 73rd Leg., ch. 986, Sec. 6, eff. Sept. 1, 1993; Acts 1997, 75th Leg., ch. 1041, Sec. 10, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 285, Sec. 18, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 814, Sec. 1.07, 1.08, 6.01(3), eff. Sept. 1, 2003.

Sec. 481.0066. AEROSPACE AND AVIATION OFFICE. (a) The office shall establish and maintain an aerospace and aviation office.

(b) The office may hire a director of the aerospace and aviation office and staff as necessary to perform the duties of the aerospace and aviation office under this section.

(c) The aerospace and aviation office shall encourage economic development in this state by fostering the growth and development of aerospace and aviation industries in Texas.

(d) The aerospace and aviation office shall:

(1) analyze space-related and aviation-related research currently conducted in this state and may conduct activities designed to further that research;

(2) analyze the state's economic position in the aerospace and aviation industries;

(3) develop short-term and long-term business strategies as part of an industry-specific strategic plan to promote the retention, development, and expansion of aerospace and aviation industry facilities in the state that is consistent with and complementary of the office strategic plan;

(4) make specific recommendations to the legislature and the governor regarding the promotion of those industries;

(5) as part of and to further the purposes of the industry-specific strategic plan described by Subdivision (3), develop short-term and long-term policy initiatives or recommend reforms the state may undertake or implement to:

(A) increase investment in aerospace and aviation activities;

(B) support the retention, development, and expansion of spaceports in this state;

(C) identify and encourage educational, economic, and defense-related opportunities for aerospace and aviation activities;

(D) determine the appropriate level of funding for the spaceport trust fund created under Section 481.0069 and support ongoing projects that have been assisted by the fund, including recommending to the legislature an appropriate funding level for the fund;

(E) partner with the Texas Higher Education Coordinating Board to foster technological advancement and economic development for spaceport activities by strengthening higher education programs and supporting aerospace activities; and

(F) partner with the Texas Workforce Commission to support initiatives that address the high technology skills and staff resources needed to better promote the state's efforts in becoming the leading space exploration state in the nation;

(6) act as a liaison with other state and federal entities with related economic, educational, and defense responsibilities to support the marketing of the state's aerospace and aviation capabilities;

(7) provide technical support and expertise to the state and to local spaceport authorities regarding aerospace and aviation business matters; and

(8) be responsible for the promotion and development of spaceports in this state.

(d-1) The aerospace and aviation office shall make specific short-term and long-term statutory, administrative, and budget-related recommendations to the legislature and the governor regarding the policy initiatives and reforms described by Subsection (d)(5) that may be implemented by the state. The short-term recommendations must include a plan for state action for implementation beginning not later than September 1, 2017. The initiatives and reforms in the short-term plan must be fully implemented by September 1, 2020. The long-term recommendations must include a plan for state action for implementation beginning

not later than September 1, 2020. The initiatives and reforms in the long-term plan must be fully implemented by September 1, 2025. The aerospace and aviation office shall submit these recommendations to the legislature and governor with the biennial report required by Subsection (d-2) not later than December 1, 2016. This subsection expires September 1, 2017.

(d-2) Not later than December 1 of each even-numbered year, the aerospace and aviation office shall submit to the legislature and governor, in printed or electronic form, a report detailing the actions taken by the aerospace and aviation office in carrying out the policy initiatives and reforms under Subsection (d)(5) to further the purposes of the industry-specific strategic plan as specified in the recommendations required by Subsection (d-1), including:

(1) the status of all projects and activities;

(2) the funding of expenditures;

(3) a summary of work performed as part of the aerospace and aviation office's partnership with the Texas Higher Education Coordinating Board, including a summary prepared by the board of the research conducted by public senior colleges or universities, as defined by Section [61.003](#), Education Code;

(4) a summary of work performed as part of the aerospace and aviation office's partnership with the Texas Workforce Commission; and

(5) an explanation of the ways in which the aerospace and aviation office has promoted the state's economic development goals through increased space exploration activities.

(e) The governor shall appoint an aerospace and aviation advisory committee consisting of:

(1) seven qualified members to assist in the state's economic development efforts to recruit and retain aerospace and aviation jobs and investment; and

(2) one member for each active spaceport development corporation in the state who represents the interests of each respective spaceport development corporation.

(e-1) The aerospace and aviation advisory committee shall:

(1) advise the governor on the recruitment and

retention of aerospace and aviation jobs and investment;

(2) assist the office and the aerospace and aviation office in meeting the state's economic development efforts to recruit and retain aerospace and aviation jobs and investment;

(3) advise the office, the aerospace and aviation office, and the governor on an appropriate funding level for the spaceport trust fund;

(4) advise the office, the aerospace and aviation office, and the governor on recruitment, retention, and expansion of aerospace and aviation industry activities; and

(5) collect and disseminate information on federal, state, local, and private community economic development programs that assist or provide loans, grants, or other funding to aerospace and aviation industry activities.

(e-2) Members of the aerospace and aviation advisory committee:

(1) shall serve staggered four-year terms; and

(2) may not receive compensation for serving on the committee.

Added by Acts 2003, 78th Leg., ch. 814, Sec. 1.09, eff. Sept. 1, 2003.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 68 (S.B. 458), Sec. 1, eff. September 1, 2015.

Sec. 481.0067. SMALL BUSINESS ADVOCATE. (a) The executive director shall designate an individual as the small business advocate.

(b) To be eligible to serve as the small business advocate, a person must have demonstrated a strong commitment to and involvement in small business efforts.

(c) The small business advocate shall:

(1) serve as the principal focal point in this state for assisting small and historically underutilized businesses;

(2) assist small and historically underutilized businesses by identifying:

(A) conflicting state policy goals and state

agency rules that may inhibit small and historically underutilized business development;

(B) financial barriers for those businesses; and

(C) sources of financial assistance for those businesses;

(3) provide assistance to small and historically underutilized businesses in complying with federal, state, and local laws; and

(4) perform research, studies, and analyses of matters affecting the interests of small and historically underutilized businesses.

Added by Acts 2003, 78th Leg., ch. 814, Sec. 1.10, eff. Sept. 1, 2003.

Sec. 481.0068. OFFICE OF SMALL BUSINESS ASSISTANCE. (a) Repealed by Acts 2003, 78th Leg., ch. 814, Sec. 6.01(3), eff. Sept. 1, 2003.

(b) The Office of Small Business Assistance shall:

(1) examine the role of small and historically underutilized businesses in the state's economy and the contribution of small and historically underutilized businesses in generating economic activity, expanding employment opportunities, promoting exports, stimulating innovation and entrepreneurship, and bringing new and untested products and services to the marketplace;

(2) serve as the principal focal point in the state for small and historically underutilized businesses by:

(A) providing to the legislature information on the effects of proposed policies or actions;

(B) assisting state agencies in determining the impact proposed rules have on small businesses as required by Section [2006.002](#); and

(C) assisting the agencies in reducing the adverse effect that rules have on small businesses, if appropriate;

(3) evaluate the effectiveness of efforts of state agencies and other entities to assist small and historically underutilized businesses and make appropriate recommendations to

the legislature and state agencies to assist the development and strengthening of small and historically underutilized businesses;

(4) identify regulations that inhibit small and historically underutilized business development and to the extent possible identify conflicting state policy goals;

(5) determine the availability of financial and other resources to small and historically underutilized businesses and recommend methods for:

(A) increasing the availability of equity capital and other forms of financial assistance to small and historically underutilized businesses;

(B) generating markets for the goods and services of small and historically underutilized businesses;

(C) providing more effective education, training, and management and technical assistance to small and historically underutilized businesses; and

(D) providing assistance to small and historically underutilized businesses in complying with federal, state, and local laws;

(6) identify the reasons for small and historically underutilized business successes and failures, ascertain the related factors that are particularly important in this state, and recommend actions for increasing the success rate of small and historically underutilized businesses;

(7) serve as a focal point for receiving comments and suggestions concerning state government policies and activities that affect small and historically underutilized businesses;

(8) develop and suggest proposals for changes in state policies and activities that adversely affect small and historically underutilized businesses;

(9) provide to state agencies information on the effects of proposed policies or actions that affect small and historically underutilized businesses;

(10) provide information and assistance relating to establishing, operating, or expanding small and historically underutilized businesses;

(11) assist small and historically underutilized

businesses by:

(A) identifying:

(i) sources of financial assistance for those businesses; and

(ii) financial barriers to those businesses;

(B) working with relevant organizations to identify financing programs that aid small businesses in overcoming financial barriers;

(C) matching those businesses with sources of financial assistance and credit enhancement; and

(D) assisting those businesses with the preparation of applications for government loans, loan guarantees, and credit enhancement programs;

(12) sponsor meetings, to the extent practicable in cooperation with public and private educational institutions, to provide training and disseminate information beneficial to small and historically underutilized businesses;

(13) assist small and historically underutilized businesses in their dealings with federal, state, and local governmental agencies and provide information regarding governmental requirements affecting small and historically underutilized businesses;

(14) perform research, studies, and analyses of matters affecting the interests of small and historically underutilized businesses;

(15) use available resources within the state, such as small business development centers, educational institutions, and nonprofit associations, to coordinate the provision of management and technical assistance to small and historically underutilized businesses in a systematic manner;

(16) publish newsletters, brochures, and other documents containing information useful to small and historically underutilized businesses;

(17) identify successful small and historically underutilized business assistance programs provided by other states and determine the feasibility of adapting those programs for

implementation in this state;

(18) establish an outreach program to make the existence of the office known to small and historically underutilized businesses and potential clients throughout the state;

(19) enlist the cooperation and assistance of public and private agencies, businesses, and other organizations in disseminating information about the programs and services provided by the state that benefit small businesses and how small businesses can participate in or make use of those programs and services;

(20) defer to the small business compliance assistance program as defined by Section 5.135, Water Code, on advocacy and technical assistance related to environmental programs that regulate small businesses;

(21) develop a "one-stop" approach for all small business needs, including competitive activity with state agencies and political subdivisions; and

(22) perform any other functions necessary to carry out the purposes of this section.

(c) to (e). Repealed by Acts 2003, 78th Leg., ch. 814, Sec. 6.01(3), eff. Sept. 1, 2003.

Added by Acts 1997, 75th Leg., ch. 1041, Sec. 12, eff. Sept. 1, 1997. Amended by Acts 1999, 76th Leg., ch. 750, Sec. 2, eff. June 18, 1999; Acts 1999, 76th Leg., ch. 1408, Sec. 1, eff. Sept. 1, 1999; Acts 2003, 78th Leg., ch. 81, Sec. 2, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 814, Sec. 6.01(3), eff. Sept. 1, 2003.

Sec. 481.00681. OFFICE OF SMALL BUSINESS ASSISTANCE ADVISORY TASK FORCE. (a) In this section:

(1) "Small business" means a business that employs at least 25 but not more than 250 individuals.

(2) "Task force" means the Office of Small Business Assistance Advisory Task Force.

(b) The Office of Small Business Assistance shall establish the task force.

(c) The task force is composed of seven members appointed as follows:

(1) three members appointed by the governor;
(2) two members appointed by the speaker of the house of representatives; and

(3) two members appointed by the lieutenant governor.

(d) A task force member serves a two-year term. A task force member may be reappointed for additional terms.

(e) Task force members serve without compensation but are entitled to reimbursement for reasonable and necessary expenses incurred in the discharge of their duties.

(f) The task force shall meet as often as necessary but shall meet at least once a year.

(g) The task force shall:

(1) advise and assist the Office of Small Business Assistance with its duties under Section 481.0068(b) to the extent that they relate to small businesses;

(2) advise and assist the governor, the lieutenant governor, and the speaker of the house of representatives with issues that relate to small businesses; and

(3) provide information in plain language to the public on issues related to small businesses, including:

(A) environmental permitting and compliance;

(B) local regulations;

(C) construction permitting;

(D) the duties of the comptroller to the extent that the duties relate to small businesses; and

(E) the formation of business entities.

(h) Not later than January 1 of each odd-numbered year, the task force shall submit to the legislature a report that:

(1) describes issues related to small businesses; and

(2) proposes legislation to assist small businesses.

Added by Acts 2013, 83rd Leg., R.S., Ch. 1103 (H.B. 3714), Sec. 1, eff. June 14, 2013.

Sec. 481.0069. SPACEPORT TRUST FUND. (a) In this section:

(1) "Reusable launch vehicle" means a vehicle intended for repeated use that:

(A) is built to operate in or place a payload into

space; or

(B) is a suborbital rocket.

(2) "Spaceport" has the meaning assigned by Section 507.001, Local Government Code.

(b) The spaceport trust fund is created as a trust fund outside the treasury with the comptroller and shall be administered by the office under this section and rules adopted by the office.

(c) The spaceport trust fund consists of money from:

(1) gifts, grants, or donations to the office for the development of spaceport infrastructure; and

(2) any other source designated by the legislature.

(d) Money in the spaceport trust fund may not be spent unless the office certifies to the comptroller that:

(1) a viable business entity has been established that:

(A) has a business plan that demonstrates that the entity has available the financial, managerial, and technical expertise and capability necessary to launch and land a reusable launch vehicle or spacecraft; and

(B) has committed to locating its facilities at a spaceport in this state;

(2) a development corporation for spaceport facilities created under Chapter 507, Local Government Code, has established a development plan for the spaceport project and has demonstrated the financial ability to fund at least 75 percent of the funding required for the project; and

(3) the spaceport or launch operator, if required by federal law, has obtained or applied for the appropriate Federal Aviation Administration license or other appropriate authorization.

(e) Money in the spaceport trust fund may be used only to pay expenditures for the development of infrastructure necessary or useful for establishing a spaceport. The office may contract with a development corporation for spaceport facilities for the infrastructure development.

(f) The office may invest, reinvest, and direct the investment of any available money in the spaceport trust fund.

Money in the fund may be invested in the manner that state funds may be invested under Section [404.024](#).

Added by Acts 2003, 78th Leg., ch. 814, Sec. 1.11, eff. Sept. 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. [2278](#)), Sec. 3.03, eff. April 1, 2009.

Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. [2278](#)), Sec. 3.04, eff. April 1, 2009.

Acts 2013, 83rd Leg., R.S., Ch. 953 (H.B. [1791](#)), Sec. 5, eff. September 1, 2013.

Sec. 481.008. AUDIT. (a) The financial transactions of the office are subject to audit by:

(1) the state auditor in accordance with Chapter [321](#);
or

(2) a private auditing firm.

(b) The state auditor shall inform the executive director when a financial audit of the office is not included in the audit plan for the state for a fiscal year. The executive director shall ensure that the office is audited under Subsection (a)(2) during those fiscal years.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.

Amended by Acts 1989, 71st Leg., ch. 584, Sec. 40, eff. Sept. 1, 1989; Acts 1991, 72nd Leg., ch. 599, Sec. 10, eff. Sept. 1, 1991; Acts 1997, 75th Leg., ch. 1041, Sec. 14, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 814, Sec. 1.12, eff. Sept. 1, 2003.

Sec. 481.009. REVIEW OF BONDS. (a) Bonds may not be issued under this chapter, and proceeds of bonds issued under this chapter may not be used to finance a project, unless the issuance or project, as applicable, has been reviewed and approved by the bond review board.

(b) A member of the bond review board may not be held liable for damages resulting from the performance of the member's functions under this section.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.

Sec. 481.010. PERSONNEL. (a) The executive director shall employ personnel necessary for the performance of office functions. The equal employment opportunity officer and the internal auditor of the office of the governor shall serve the same functions for the office as they serve for the office of the governor. The internal auditor shall report directly to the governor and may consult with the executive director or the executive director's designee.

(b) The executive director or the executive director's designee shall provide to office employees, as often as necessary, information regarding their qualifications for employment under this chapter and their responsibilities under applicable laws relating to standards of conduct for state employees.

(c) Repealed by Acts 2003, 78th Leg., ch. 814, Sec. 6.01(3).

(d) The executive director or the executive director's designee shall develop an intraagency career ladder program. The program shall require intraagency postings of all non-entry-level positions concurrently with any public posting.

(e) The executive director or the executive director's designee shall develop a system of annual performance evaluations. All merit pay for office employees must be based on the system established under this subsection.

(f) The executive director or the executive director's designee shall prepare and maintain a written policy statement to assure implementation of a program of equal employment opportunity under which all personnel transactions are made without regard to race, color, disability, sex, religion, age, or national origin. The policy statement must include:

(1) personnel policies, including policies relating to recruitment, evaluation, selection, appointment, training, and promotion of personnel that are in compliance with requirements of the Commission on Human Rights;

(2) a comprehensive analysis of the office work force that meets federal and state guidelines;

(3) procedures by which a determination can be made of significant underuse in the office work force of all persons for whom federal or state guidelines encourage a more equitable

balance; and

(4) reasonable methods to appropriately address those areas of significant underuse.

(g) A policy statement prepared under Subsection (f) must cover an annual period, be updated annually and reviewed by the Commission on Human Rights for compliance with Subsection (f)(1), and be filed with the governor's office.

(h) The governor's office shall deliver a biennial report to the legislature based on the information received under Subsection (g). The report may be made separately or as a part of other biennial reports made to the legislature.

(i) Repealed by Acts 2009, 81st Leg., R.S., Ch. 614, Sec. 4(11), eff. June 19, 2009.

Added by Acts 1991, 72nd Leg., 2nd C.S., ch. 11, Sec. 7, eff. Sept. 1, 1991. Amended by Acts 1993, 73rd Leg., ch. 986, Sec. 7, eff. Sept. 1, 1993; Acts 1997, 75th Leg., ch. 1041, Sec. 15, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 814, Sec. 1.13, 6.01(3), eff. Sept. 1, 2003.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 614 (H.B. 874), Sec. 4(11), eff. June 19, 2009.

Sec. 481.012. PUBLIC INTEREST INFORMATION AND COMPLAINTS.

(a) The office shall prepare information of public interest describing the functions of the office and the office's procedures by which complaints are filed with and resolved by the office. The office shall make the information available to the public and appropriate state agencies. The office shall provide to the person filing the complaint and to each person who is a subject of the complaint a copy of the office's policies and procedures relating to complaint investigation and resolution.

(b) The office shall keep an information file about each complaint filed with the office that the office has authority to resolve. The file must include:

- (1) the name of the person who filed the complaint;
- (2) the date the complaint is received by the office;
- (3) the subject matter of the complaint;

(4) the name of each person contacted in relation to the complaint;

(5) a summary of the results of the review or investigation of the complaint; and

(6) an explanation of the reason the file was closed, if the office closed the file without taking action other than to investigate the complaint.

(c) If a written complaint is filed with the office that the office has authority to resolve, the office, at least quarterly and until final disposition of the complaint, shall notify the parties to the complaint of the status of the complaint unless the notice would jeopardize an undercover investigation.

(d) The office shall prepare and maintain a written plan that describes how a person who does not speak English can be provided reasonable access to the office's programs. The office shall also comply with federal and state laws for program and facility accessibility.

(e) The executive director by rule shall establish methods by which consumers and service recipients are notified of the name, mailing address, and telephone number of the office for the purpose of directing complaints to the office.

Added by Acts 1991, 72nd Leg., 2nd C.S., ch. 11, Sec. 7, eff. Sept. 1, 1991. Amended by Acts 1993, 73rd Leg., ch. 986, Sec. 9, eff. Sept. 1, 1993; Acts 1997, 75th Leg., ch. 1041, Sec. 16, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 814, Sec. 1.15, eff. Sept. 1, 2003.

SUBCHAPTER B. GENERAL POWERS AND DUTIES OF OFFICE

Sec. 481.021. GENERAL POWERS OF OFFICE. (a) The office may:

(1) adopt and enforce rules necessary to carry out this chapter;

(2) adopt and use an official seal;

(3) solicit and accept gifts, grants, or loans from and contract with any entity;

(4) acquire and convey property or an interest in

property;

(5) procure insurance and pay premiums on insurance of any type, in accounts, and from insurers as the office considers necessary and advisable to accomplish any of the office's purposes;

(6) hold patents, copyrights, trademarks, or other evidence of protection or exclusivity issued under the laws of the United States, any state, or any nation and may enter into license agreements with any third parties for the receipt of fees, royalties, or other monetary or nonmonetary value;

(7) sell advertisements in any medium; and

(8) exercise any other power necessary to carry out this chapter.

(b) Except as otherwise provided by this chapter, money paid to the office under this chapter shall be deposited in the state treasury.

(c) The office shall deposit contributions from private sources in a separate fund kept and held in escrow and in trust by the comptroller for and on behalf of the office as funds held outside the treasury under Section 404.073, and the money contributed shall be used to carry out the purposes of the office and, to the extent possible, the purposes specified by the donors. The comptroller may invest and reinvest the money, pending its use, in the fund in investments authorized by law for state funds that the comptroller considers appropriate.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.

Amended by Acts 1991, 72nd Leg., ch. 602, Sec. 1, eff. Sept. 1,

1991; Acts 1991, 72nd Leg., 2nd C.S., ch. 11, Sec. 8, eff. Sept. 1,

1991; Acts 1993, 73rd Leg., ch. 986, Sec. 10, eff. Sept. 1, 1993;

Acts 1997, 75th Leg., ch. 1423, Sec. 8.23, eff. Sept. 1, 1997; Acts

2003, 78th Leg., ch. 814, Sec. 1.17, eff. Sept. 1, 2003.

Sec. 481.0215. COORDINATION OF ECONOMIC DEVELOPMENT EFFORTS. (a) The executive director of the department or its successor shall work with the legislature and state agencies to identify grants and programs at all levels of government and to maximize access to federal funds for economic development.

(b) At the direction of the governor, the executive director

of the department or its successor shall work with each state agency that administers a program relating to job training or job creation, including the Texas Workforce Commission, the Council on Workforce and Economic Competitiveness, the Department of Agriculture, and the Office of Rural Affairs, to address the challenges facing the agencies relating to job training and job creation.

(c) The executive director of the department or its successor may form partnerships or enter into agreements with private entities and develop connections with existing businesses in this state for the purpose of improving the marketing of this state through networking and clarifying the potential of the businesses for expansion.

Added by Acts 2003, 78th Leg., ch. 978, Sec. 1, eff. Sept. 1, 2003.

Sec. 481.022. GENERAL DUTIES OF OFFICE. The office shall:

(1) market and promote the state as a premier business location and tourist destination;

(2) facilitate the location, expansion, and retention of domestic and international business investment to the state;

(3) promote and administer business and community economic development programs and services in the state, including business incentive programs;

(4) provide to businesses and communities in the state assistance with exporting products and services to international markets;

(5) serve as a central source of economic research and information; and

(6) establish a statewide strategy to address economic growth and quality of life issues, a component of which is based on the identification and development of industry clusters.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989. Amended by Acts 1989, 71st Leg., ch. 819, Sec. 6, eff. Sept. 1, 1989; Acts 1989, 71st Leg., ch. 933, Sec. 4, eff. Sept. 1, 1989; Acts 1991, 72nd Leg., ch. 602, Sec. 2, eff. Sept. 1, 1991; Acts 1997, 75th Leg., ch. 1041, Sec. 17, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 814, Sec. 1.18, eff. Sept. 1, 2003.

Sec. 481.023. ADMINISTRATION OF OTHER STATUTES. (a) The office shall perform the administrative duties prescribed under:

(1) Chapter [1433](#); and

(2) the Development Corporation Act (Subtitle C1, Title 12, Local Government Code).

(b), (c) Repealed by Acts 2003, 78th Leg., ch. 814, Sec. 6.01(3).

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.

Amended by Acts 1995, 74th Leg., ch. 76, Sec. 5.95(20), 9.60, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1041, Sec. 18, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 1420, Sec. 8.236, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 814, Sec. 1.19, 6.01(3), eff. Sept. 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. [2278](#)), Sec. 3.05, eff. April 1, 2009.

Sec. 481.024. TEXAS ECONOMIC DEVELOPMENT CORPORATION. (a) The Texas Economic Development Corporation on behalf of the state shall carry out the public purposes of this chapter. The creation of the corporation does not limit or impair the rights, powers, and duties of the office provided by this chapter. The corporate existence of the Texas Economic Development Corporation begins on the issuance of a certificate of incorporation by the secretary of state. The governor shall appoint the board of directors of the corporation. The governor or the governor's designee and the executive director serve as nonvoting, ex officio members of the board. The corporation has the powers and is subject to the limitations provided for the office by this chapter in carrying out the public purposes of this chapter. The corporation has the rights and powers of a nonprofit corporation incorporated under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes) except to the extent inconsistent with this section. The corporation may contract with the office and with bond counsel, financial advisors, or underwriters as its board of directors considers necessary.

(b) The corporation may engage exclusively in the performance of charitable functions and is exempt from all taxation by this state or a municipality or other political subdivision of this state.

(c) The corporation is a nonprofit corporation, and no part of its net earnings remaining after payment of its expenses may inure to any individual, firm, or corporation, except that if the board of directors determines that sufficient provision has been made for the full payment of the expenses, bonds, and other obligations of the corporation, the additional net earnings of the corporation shall be deposited to the credit of the general revenue fund.

(d) At any time the board of directors by written resolution may alter the structure, organization, programs, or activities of the corporation or terminate and dissolve the corporation, subject only to any limitation provided by the law of the state on the impairment of contracts of the corporation.

(e) If the board of directors by resolution determines that the purposes for which the corporation was formed have been substantially complied with and that all bonds issued by the corporation have been fully paid, the board of directors shall dissolve the corporation. On dissolution, the title to all funds and properties then owned by the corporation shall be transferred to the office.

(f) The Texas Economic Development Corporation and any other corporation whose charter specifically dedicates the corporation's activities to the benefit of the office or the Texas Department of Economic Development or its predecessor agency shall file an annual report of the financial activity of the corporation. The annual report shall be filed prior to the 90th day after the last day for the corporation's fiscal year and shall be prepared in accordance with generally accepted accounting principles. The report must include a statement of support, revenue, and expenses and change in fund balances, a statement of functional expenses, and balance sheets for all funds.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.
Amended by Acts 1991, 72nd Leg., ch. 602, Sec. 3, 4, eff. Sept. 1,

1991; Acts 1991, 72nd Leg., 2nd C.S., ch. 11, Sec. 9, eff. Sept. 1, 1991; Acts 1997, 75th Leg., ch. 1041, Sec. 19, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 814, Sec. 1.20, eff. Sept. 1, 2003.

Sec. 481.025. EMPOWERMENT ZONE AND ENTERPRISE COMMUNITY PROGRAM. The office is the agency of this state responsible for administering the Empowerment Zone and Enterprise Community grant program in this state. The bank shall cooperate with appropriate federal and local agencies as necessary to administer the grant program.

Added by Acts 1999, 76th Leg., ch. 1460, Sec. 7.01, eff. Sept. 1, 1999. Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.21, eff. Sept. 1, 2003.

Sec. 481.026. TECHNOLOGICAL SOLUTIONS. The office shall develop and implement a policy that requires the executive director and the staff of the office to research and propose appropriate technological solutions to improve the ability of the office to perform its mission. The technological solutions must include measures to ensure that the public is able to easily find information about the office through the Internet and that persons who have a reason to use the office's services are able to use the Internet to interact with the office and to access any service that can be provided effectively through the Internet. The policy shall also ensure that the proposed technological solutions are cost-effective and developed through the office's planning processes.

Added by Acts 2003, 78th Leg., ch. 814, Sec. 1.22, eff. Sept. 1, 2003.

Sec. 481.027. FOREIGN OFFICES. (a) The office shall maintain and operate offices in foreign countries for the purposes of promoting investment that generates jobs in Texas, exporting of Texas products, tourism, and international relations for Texas. The foreign offices shall be named "The State of Texas" offices. To the extent permitted by law, other state agencies that conduct business in foreign countries may place staff in the foreign

offices established by the office and share the overhead and operating expenses of the foreign offices. Other state agencies and the office may enter interagency contracts for this purpose. Chapter 771 does not apply to those contracts. Any purchase for local procurement or contract in excess of \$5,000 shall be approved by the executive director prior to its execution.

(b) The foreign offices shall be accessible to Texas-based institutions of higher education and their nonprofit affiliates for the purposes of fostering Texas science, technology, and research development, international trade and investment, and cultural exchange. The office and the institutions may enter contracts for this purpose. Chapter 771 does not apply to those contracts.

(c) The office shall maintain regional offices in locations specified in the General Appropriations Act.

(d) The office may collect fees for the use of the foreign offices from public and private entities except that any payments by a state agency are governed by any interagency contract under Subsection (a). The fees may be used only to expand, develop, and operate foreign offices under this section.

(e) Chapter 2175 applies to the operation and maintenance of the foreign offices. No other provisions of Subtitle D, Title 10, apply to the operation and maintenance of the foreign offices, or to transactions of the office that are authorized by this section.

(f) The comptroller may, at the request of a state agency, provide to the agency services exempted from the application of Subtitle D, Title 10 under Subsection (e). Chapter 771 does not apply to services provided under this subsection. The comptroller shall establish a system of charges and billings that ensures recovery of the cost of providing the services and shall submit a purchase voucher or a journal voucher, after the close of each month, to the agency for which services were performed.

Added by Acts 1989, 71st Leg., ch. 938, Sec. 1, eff. Aug. 28, 1989. Renumbered from Sec. 481.025 by Acts 1990, 71st Leg., 6th C.S., ch. 12, Sec. 2(7), eff. Sept. 6, 1990. Amended by Acts 1991, 72nd Leg., 2nd C.S., ch. 8, Sec. 5.06, eff. Sept. 1, 1991; Acts 1993, 73rd Leg., ch. 986, Sec. 11, eff. Sept. 1, 1993; Acts 1997, 75th Leg., ch. 165, Sec. 17.16, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch.

165, Sec. 17.19(a), eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 814, Sec. 1.23, eff. Sept. 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 937 (H.B. 3560), Sec. 1.52, eff. September 1, 2007.

Sec. 481.029. COST RECOVERY. The office shall recover the cost of providing direct technical assistance, management training services, and other services to businesses and communities when reasonable and practical.

Added by Acts 1993, 73rd Leg., ch. 986, Sec. 13, eff. Sept. 1, 1993.

Amended by Acts 1997, 75th Leg., ch. 1041, Sec. 21, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 814, Sec. 1.24, eff. Sept. 1, 2003.

Sec. 481.0295. IDENTIFICATION OF INDUSTRY CLUSTERS. (a) The office shall work with industry associations and organizations and key state agencies to identify regional and statewide industry clusters.

(b) The activities of the office in identifying industry clusters may include:

(1) conducting focus group discussions, facilitating meetings, and conducting studies to identify:

(A) members of an industry cluster;

(B) the general economic state of the industry cluster; and

(C) issues of common concern in the industry cluster;

(2) supporting the formation of industry cluster associations, publishing industry cluster association directories, and encouraging the entry of new members into the industry cluster; and

(3) providing methods for electronic communication and information dissemination among members of the industry clusters.

(c) The office shall identify an industry cluster as a targeted sector if the office determines that the development of the industry cluster is a high priority.

(d) The office shall work with targeted sectors, private sector organizations, key state agencies, local governments, local economic development organizations, and higher education and training institutions to develop strategies to strengthen the competitiveness of industry clusters. The strategies shall be designed to:

- (1) diversify the economy;
- (2) facilitate technology transfer; and
- (3) increase value-added production.

(e) The activities of the office to assist the development of a targeted sector may include:

(1) conducting focus group discussions, facilitating meetings, and conducting studies to identify:

- (A) members of a targeted sector;
- (B) the general economic state of the sector;

and

- (C) issues of common concern in the sector;

(2) supporting the formation of industry associations, publishing industry association directories, and creating or expanding the activities of the industry associations;

(3) assisting in the formation of flexible networks between persons interested in the development of the targeted sector by providing:

(A) employees of the office or private sector consultants trained to organize and implement flexible networks; and

(B) funding for potential flexible network participants to organize and implement a flexible network;

(4) helping to establish research consortia;

(5) facilitating training and education programs conducted jointly by sector members;

(6) promoting cooperative market development activities;

(7) analyzing the need for, feasibility of, and cost of establishing product certification and testing facilities and services; and

(8) providing for methods of electronic communication

and information dissemination among sector members to facilitate network or industry cluster activity.

(f) The office shall, on a continuing basis as determined by the office, evaluate:

(1) the effectiveness of the services provided to industry clusters, using information gathered at regional and statewide levels; and

(2) the potential return to the state from devoting additional resources to the economic development of a targeted sector and devoting resources to additional targeted sectors.

(g) The office shall use information gathered in each region for which the office identifies industry clusters to:

(1) formulate strategies to promote the economic development of targeted sectors; and

(2) designate new targeted sectors.

Added by Acts 2003, 78th Leg., ch. 814, Sec. 1.25, eff. Sept. 1, 2003.

Sec. 481.0296. ADVANCED TECHNOLOGY INDUSTRIES. (a) The office shall coordinate state efforts to attract, develop, or retain technology industries in this state in certain sectors, including:

- (1) the semiconductor industry;
- (2) information and computer technology;
- (3) microelectromechanical systems;
- (4) manufactured energy systems;
- (5) nanotechnology; and
- (6) biotechnology.

(b) The office shall:

(1) recommend to the governor actions to promote economic development in the area of advanced technology;

(2) identify and assess specific economic development opportunities; and

(3) engage in outreach to advanced technology industries, including a joint venture created under the National Cooperative Research and Production Act of 1993 (15 U.S.C. Section 4301 et seq.), as amended, that is exempt from federal taxation as

an organization described by Section 501(c)(6), Internal Revenue Code of 1986, as amended.

Added by Acts 2003, 78th Leg., ch. 814, Sec. 1.25, eff. Sept. 1, 2003.

SUBCHAPTER D. INTERNATIONAL TRADE

Sec. 481.043. GENERAL POWERS AND DUTIES RELATING TO INTERNATIONAL TRADE. The office shall:

(1) provide businesses in the state with technical assistance, information, and referrals related to the export of products and services, including export finance and international business practices;

(2) coordinate the representation of exporters in the state at international trade shows, missions, marts, seminars, and other appropriate promotional venues;

(3) cooperate and act in conjunction with other public and private organizations to promote and advance export trade activities in this state; and

(4) disseminate trade leads to exporters in the state through the use of the Internet and other available media.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.

Amended by Acts 1997, 75th Leg., ch. 1041, Sec. 25, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 814, Sec. 1.26, eff. Sept. 1, 2003.

Sec. 481.047. CONFIDENTIALITY. Information collected by the office concerning the identity, background, finance, marketing plans, trade secrets, or other commercially sensitive information of a lender or export business is confidential unless the lender or export business consents to disclosure of the information.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.

Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.27, eff. Sept. 1, 2003.

SUBCHAPTER E. BUSINESS DEVELOPMENT--GENERAL PROVISIONS

Sec. 481.072. DEFINITIONS. In this subchapter:

(1) "Cost" has the meaning assigned that term by Subtitle C1, Title 12, Local Government Code.

(2) "Project" has the meaning assigned that term by Subtitle C1, Title 12, Local Government Code.

(3) "User" includes any person.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.06, eff. April 1, 2009.

Sec. 481.0725. GENERAL POWERS AND DUTIES. The office shall:

(1) provide businesses with site selection assistance and communities with investment leads;

(2) develop a comprehensive business recruitment marketing plan;

(3) participate in international and domestic trade shows, trade missions, marketing trips, and seminars; and

(4) produce and disseminate information through the use of available media and resources, including the Internet, to promote business assistance programs and the overall business climate in the state.

Amended by Acts 1997, 75th Leg., ch. 1041, Sec. 29, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 814, Sec. 1.28, eff. Sept. 1, 2003.

Sec. 481.073. POWERS AND DUTIES RELATING TO FINANCING. (a) , (b) Repealed by Acts 2003, 78th Leg., ch. 814, Sec. 6.01(3).

(c) The office may:

(1) purchase, discount, sell, assign, negotiate, and otherwise dispose of notes, bonds, and other evidences of indebtedness incurred to finance or refinance projects whether secured or unsecured;

(2) administer or participate in programs established by another person to finance or refinance projects; and

(3) acquire, hold, invest, use, and dispose of the office's revenues, funds, and money received from any source under this subchapter and the proceedings authorizing the bonds issued

under this subchapter, subject only to the provisions of the Texas Constitution, this subchapter, and any covenants relating to the office's bonds in classes of investments that the executive director determines.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., 2nd C.S., ch. 11, Sec. 17, eff. Sept. 1, 1991; Acts 1997, 75th Leg., ch. 1041, Sec. 30, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 814, Sec. 1.29, 6.01(3), eff. Sept. 1, 2003.

Sec. 481.075. PROGRAM RULES. (a) The executive director shall adopt rules to establish criteria for determining which users may participate in programs established by the office under this subchapter. The office shall adopt collateral or security requirements to ensure the full repayment of any loan, lease, or installment sale and the solvency of any program implemented under this subchapter. The executive director must approve all leases and sale and loan agreements made under this subchapter.

(b) Users participating in the programs established under this subchapter shall pay the costs of applying for, participating in, and administering and servicing the program in amounts that the office considers reasonable and necessary.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., 2nd C.S., ch. 11, Sec. 18, eff. Sept. 1, 1991; Acts 1997, 75th Leg., ch. 1041, Sec. 31, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 814, Sec. 1.30, eff. Sept. 1, 2003.

Sec. 481.078. TEXAS ENTERPRISE FUND. (a) The Texas Enterprise Fund is a dedicated account in the general revenue fund.

(b) The following amounts shall be deposited in the fund:

(1) any amounts appropriated by the legislature for the fund for purposes described by this section;

(2) interest earned on the investment of money in the fund; and

(3) gifts, grants, and other donations received for the fund.

(c) Except as provided by Subsections (d) and (d-1), the fund may be used only for economic development, infrastructure development, community development, job training programs, and business incentives.

(d) The fund may be temporarily used by the comptroller for cash management purposes.

(d-1) The fund may be used for the Texas homeless housing and services program administered by the Texas Department of Housing and Community Affairs under Section 2306.2585. The governor may transfer appropriations from the fund to the Texas Department of Housing and Community Affairs to fund the Texas homeless housing and services program. Subsections (e-1), (f), (f-1), (f-2), (g), (h), (h-1), (i), and (j) and Section 481.080 do not apply to a grant awarded for a purpose specified by this subsection.

(e) The administration of the fund is considered to be a trustee program within the office of the governor. The governor may negotiate on behalf of the state regarding awarding, by grant, money appropriated from the fund. The governor may award money appropriated from the fund only with the prior approval of the lieutenant governor and speaker of the house of representatives. For purposes of this subsection, an award of money appropriated from the fund is considered disapproved by the lieutenant governor or speaker of the house of representatives if that officer does not approve the proposal to award the grant before the 31st day after the date of receipt of the proposal from the governor. The lieutenant governor or the speaker of the house of representatives may extend the review deadline applicable to that officer for an additional 14 days by submitting a written notice to that effect to the governor before the expiration of the initial review period.

(e-1) To be eligible to receive a grant under this section, the entity must:

(1) be in good standing under the laws of the state in which the entity was formed or organized, as evidenced by a certificate issued by the secretary of state or the state official having custody of the records pertaining to entities or other

organizations formed under the laws of that state; and

(2) owe no delinquent taxes to a taxing unit of this state.

(f) Before awarding a grant under this section, the governor shall enter into a written agreement with the entity to be awarded the grant money specifying that:

(1) if the governor finds that the grant recipient has not met each of the performance targets specified in the agreement as of a date certain provided in the agreement:

(A) the recipient shall repay the grant and any related interest to the state at the agreed rate and on the agreed terms;

(B) the governor will not distribute to the recipient any grant money that remains to be awarded under the agreement; and

(C) the governor may assess specified penalties for noncompliance against the recipient;

(2) if all or any portion of the amount of the grant is used to build a capital improvement, the state may:

(A) retain a lien or other interest in the capital improvement in proportion to the percentage of the grant amount used to pay for the capital improvement; and

(B) require the recipient of the grant, if the capital improvement is sold, to:

(i) repay to the state the grant money used to pay for the capital improvement, with interest at the rate and according to the other terms provided by the agreement; and

(ii) share with the state a proportionate amount of any profit realized from the sale; and

(3) if, as of a date certain provided in the agreement, the grant recipient has not used grant money awarded under this section for the purposes for which the grant was intended, the recipient shall repay that amount and any related interest to the state at the agreed rate and on the agreed terms.

(f-1) A grant agreement must contain a provision:

(1) requiring the creation of a minimum number of jobs in this state; and

(2) specifying the date by which the recipient intends to create those jobs.

(f-2) A grant agreement must contain a provision providing that if the recipient does not meet job creation performance targets as of the dates specified in the agreement, the recipient shall repay the grant in accordance with Subsection (j).

(g) The grant agreement may include a provision providing that a reasonable percentage of the total amount of the grant will be withheld until specified performance targets are met by the entity as of the date described by Subsection (f)(1).

(h) The governor, after consultation with the speaker of the house of representatives and the lieutenant governor, shall determine:

(1) the performance targets and date required to be contained in the grant agreement as provided by Subsection (f)(1); and

(2) if the grant agreement includes the provision authorized by Subsection (g), the percentage of grant money required to be withheld.

(h-1) At least 14 days before the date the governor intends to amend a grant agreement, the governor shall notify and provide a copy of the proposed amendment to the speaker of the house of representatives and the lieutenant governor.

(i) An entity entering into a grant agreement under this section shall submit to the governor, lieutenant governor, and speaker of the house of representatives an annual progress report containing the information compiled during the previous calendar year regarding the attainment of each of the performance targets specified in the agreement.

(j) Repayment of a grant under Subsection (f)(1)(A) shall be prorated to reflect a partial attainment of job creation performance targets, and may be prorated for a partial attainment of other performance targets.

(k) To encourage the development and location of small businesses in this state, the governor shall consider making grants from the fund:

(1) to recipients that are small businesses in this

state that commit to using the grants to create additional jobs;

(2) to recipients that are small businesses from outside the state that commit to relocate to this state; or

(3) for individual projects that create 100 or fewer additional jobs.

(1) For purposes of Subsection (k), "small business" means a legal entity, including a corporation, partnership, or sole proprietorship, that:

(1) is formed for the purpose of making a profit;

(2) is independently owned and operated; and

(3) has fewer than 100 employees.

Added by Acts 2003, 78th Leg., ch. 978, Sec. 2, eff. Sept. 1, 2003.

Amended by:

Acts 2005, 79th Leg., Ch. 602 (H.B. 1938), Sec. 1, eff. September 1, 2005.

Acts 2009, 81st Leg., R.S., Ch. 1254 (H.B. 394), Sec. 2, eff. June 19, 2009.

Acts 2011, 82nd Leg., R.S., Ch. 1297 (H.B. 2457), Sec. 1, eff. September 1, 2011.

Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. 1), Sec. 35.01, eff. September 28, 2011.

Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. 1), Sec. 43.01, eff. September 28, 2011.

Acts 2015, 84th Leg., R.S., Ch. 915 (H.B. 26), Sec. 3.01, eff. September 1, 2015.

Sec. 481.079. REPORT ON USE OF MONEY IN TEXAS ENTERPRISE FUND. (a) Before the beginning of each regular session of the legislature, the governor shall submit to the lieutenant governor, the speaker of the house of representatives, and each other member of the legislature a report on grants made under Section 481.078 that states:

(1) the number of direct jobs each recipient committed to create in this state;

(2) the number of direct jobs each recipient created in this state;

(3) the median wage of the jobs each recipient created

in this state;

(4) the amount of capital investment each recipient committed to expend or allocate per project in this state;

(5) the amount of capital investment each recipient expended or allocated per project in this state;

(6) the total amount of grants made to each recipient;

(7) the average amount of money granted in this state for each job created in this state by grant recipients;

(8) the number of jobs created in this state by grant recipients in each sector of the North American Industry Classification System (NAICS); and

(9) of the number of direct jobs each recipient created in this state, the number of positions created that provide health benefits for employees.

(a-1) For grants awarded for a purpose specified by Section 481.078(d-1), the report must include only the amount and purpose of each grant.

(b) The report may not include information that is made confidential by law.

(c) The governor may require a recipient of a grant under Section 481.078 to submit, on a form the governor provides, information required to complete the report.

Added by Acts 2005, 79th Leg., Ch. 602 (H.B. 1938), Sec. 2, eff. September 1, 2005.

Amended by:

Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. 1), Sec. 43.02, eff. September 28, 2011.

Sec. 481.080. ECONOMIC AND FISCAL IMPACT STATEMENT FOR CERTAIN GRANT PROPOSALS. (a) Before the governor awards a grant under Section 481.078 to an entity for a proposed initiative, the office shall prepare a statement that, specifically and in detail, assesses the direct economic impact that approval of the grant will have on the residents of this state.

(b) The statement must include:

(1) for the period covered by the grant:

(A) the estimated number of jobs to be created in

this state by the potential recipient each biennium; and

(B) the estimated median wage of the jobs to be created in this state by the potential recipient each biennium;

(2) the additional amount of ad valorem taxes, sales and use taxes, and fee revenues projected to be generated each year by governmental entities of this state;

(3) the total amount of tax credits, local incentives, and other money or credits estimated to be distributed to the proposed grant recipient by governmental entities of this state; and

(4) any other information the office considers necessary to include in the statement.

Added by Acts 2005, 79th Leg., Ch. 602 (H.B. 1938), Sec. 2, eff. September 1, 2005.

SUBCHAPTER H. BUSINESS DEVELOPMENT--PERMIT ASSISTANCE

Sec. 481.121. DEFINITIONS. In this subchapter:

(1) "Applicant" means a person acting for himself or authorized to act on behalf of another person to obtain a permit.

(2) "Permit office" means the Texas Economic Development and Tourism Office's business permit office.

(3) "Permit" means any license, certificate, registration, permit, or other form of authorization required by law or by state agency rules to be obtained by a person in order to engage in a particular business but does not include a permit or license issued in connection with any form of gaming or gambling.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.
Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.31, eff. Sept. 1, 2003.

Sec. 481.122. CREATION. The business permit office is an office within the Texas Economic Development and Tourism Office.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.
Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.32, eff. Sept. 1, 2003.

Sec. 481.123. DUTIES. The permit office shall:

(1) provide comprehensive information on permits required for business enterprises in the state and make that information available to applicants and other persons;

(2) assist applicants in obtaining timely and efficient permit review and in resolving issues arising from the review;

(3) facilitate contacts between applicants and state agencies responsible for processing and reviewing permit applications;

(4) assist applicants in the resolution of outstanding issues identified by state agencies, including delays experienced in permit review;

(5) develop comprehensive application procedures to expedite the permit process;

(6) compile a comprehensive list of all permits required of a person desiring to establish, operate, or expand a business enterprise in the state;

(7) encourage and facilitate the participation of federal and local government agencies in permit coordination;

(8) make recommendations for eliminating, consolidating, simplifying, expediting, or otherwise improving permit procedures affecting business enterprises by requesting that the state auditor, with the advice and support of the permit office, initiate a business permit reengineering review process involving all state agencies;

(9) develop and implement an outreach program to publicize and make small business entrepreneurs and others aware of services provided by the permit office;

(10) adopt rules, procedures, instructions, and forms required to carry out the functions, powers, and duties of the permit office under this subchapter; and

(11) except as provided in Section [481.129](#), complete the implementation of the business permit review process on or before September 1, 1994, and provide all recommended statutory changes as needed to the legislature on or before January 1, 1995.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.

Amended by Acts 1993, 73rd Leg., ch. 775, Sec. 1, eff. Sept. 1, 1993; Acts 2003, 78th Leg., ch. 814, Sec. 1.33, eff. Sept. 1, 2003.

Sec. 481.124. COMPREHENSIVE PERMIT APPLICATION PROCEDURE.

(a) The permit office shall develop and by rule implement a comprehensive application procedure to expedite the identification and processing of required permits. The permit office shall specify the permits to which the comprehensive application procedure applies. A comprehensive application must be made on a form prescribed by the permit office. The permit office shall consult with affected agencies in designing the form to ensure that the form provides the necessary information to allow agencies to identify which permits may be needed by the applicant. The form must be designed primarily for the convenience of an applicant who is required to obtain multiple permits and must provide for concise and specific information necessary to determine which permits are or may be required of the particular applicant.

(b) Use of the comprehensive application procedure by the applicant is optional. On request the permit office shall assist an applicant in preparing a comprehensive application, describe the procedures involved, and provide other appropriate information from the comprehensive permit information file.

(c) On receipt of a comprehensive application from an applicant, the permit office shall immediately notify in writing each state agency having a possible interest in the proposed business undertaking, project, or activity with respect to permits that are or may be required.

(d) Not later than the 25th day after the date of receipt of the notice, the state agency shall specify to the permit office each permit under its jurisdiction that is or may be required for the business undertaking, project, or activity described in the comprehensive application and shall indicate each permit fee to be charged.

(e) If a notified state agency responds that it does not have an interest in the permit requirements of the business undertaking, project, or activity described in the comprehensive application or does not respond within the period specified by

Subsection (d), no permit under the jurisdiction of that agency is required for the undertaking, project, or activity described in the comprehensive application. This subsection does not apply if the comprehensive application contains false, misleading, or deceptive information or fails to include pertinent information, the lack of which could reasonably lead a state agency to misjudge whether a permit under its jurisdiction is required.

(f) The permit office shall promptly provide the applicant with application forms and related information for all permits specified by the interested state agencies and shall advise the applicant that the forms are to be completed and submitted to the appropriate state agencies.

(g) An applicant may withdraw a comprehensive application at any time without forfeiture of any permit approval applied for or obtained under the comprehensive application procedures.

(h) Each state agency having jurisdiction over a permit to which the comprehensive application procedure applies shall designate an officer or employee to act as permit liaison officer to cooperate with the permit office in carrying out this subchapter.

(i) This section does not apply to a permit or license issued under Title 2, Tax Code, and does not exempt any person from liability for a tax under that title.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.

Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.34, eff. Sept. 1, 2003.

Sec. 481.125. COMPREHENSIVE PERMIT HANDBOOK. (a) The permit office shall compile a comprehensive list of all state permits required of a person desiring to operate a business enterprise in the state.

(b) To the extent possible, the permit office shall organize the list according to the types of businesses affected and shall publish the list in a comprehensive permit handbook.

(c) The handbook must include:

(1) the name of each state agency required to review, approve, or grant a permit on the list;

(2) the address of the agency to which the license,

permit, or registration materials must be sent; and

(3) the telephone number of the agency.

(d) The permit office shall periodically update the handbook.

(e) The permit office shall make the handbook available to persons interested in establishing a business enterprise, public libraries, educational institutions, and the state agencies listed in the handbook.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.

Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.35, eff. Sept. 1, 2003.

Sec. 481.126. ASSISTANCE OF OTHER STATE AGENCIES. Each state agency, on request of the permit office, shall provide assistance, services, facilities, and data to enable the permit office to carry out its duties. An agency is not required to provide information made confidential by a constitution, statute, or judicial decision.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.

Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.36, eff. Sept. 1, 2003.

Sec. 481.127. COMPREHENSIVE PERMIT INFORMATION. (a) Each state agency required to review, approve, or grant permits for business undertakings, projects, or activities shall report to the permit office in a form prescribed by the permit office on each type of review, approval, or permit administered by the agency.

(b) The agency's report must include application forms, applicable agency rules, and the estimated period necessary to process permit applications.

(c) The permit office shall prepare an information file on state agency permit requirements and shall develop methods for maintenance, revision, update, and ready access. The permit office shall provide comprehensive permit information based on that file.

(d) The permit office may prepare and distribute publications, guides, and other materials to serve the convenience of permit applicants and explain permit requirements affecting

business, including requirements involving multiple permits or regulation by more than one state agency.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.

Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.37, eff. Sept. 1, 2003.

Sec. 481.128. NO CHARGES FOR SERVICES. The permit office shall provide its services without charge.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.

Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.38, eff. Sept. 1, 2003.

Sec. 481.129. ENVIRONMENTAL PERMITS. The permit office shall consult and cooperate with the Natural Resource Conservation Commission in conducting any studies on permits issued by the Natural Resource Conservation Commission. The Natural Resource Conservation Commission shall cooperate fully in the study and analysis of the procedures involving the issuance of permits by that commission and shall, in any report issued, evaluate all alternatives for improving the process pursuant to the permit office's responsibilities under Section [481.123](#). The permit office and the Natural Resource Conservation Commission shall jointly submit any report required under Section [481.123](#).

Added by Acts 1993, 73rd Leg., ch. 775, Sec. 2, eff. Sept. 1, 1993.

Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.39, eff. Sept. 1, 2003.

SUBCHAPTER K. INFORMATION AND REFERRAL

Sec. 481.166. LEGISLATIVE FINDINGS. The legislature finds that:

(1) economic development programs and services are located in a number of state agencies;

(2) businesses and communities need a single point of contact on business and community economic development programs and services; and

(3) state agencies need to work together to provide

outreach and assistance to local governments and businesses.

Added by Acts 1997, 75th Leg., ch. 1041, Sec. 44, eff. Sept. 1, 1997.

Sec. 481.167. TEXAS BUSINESS AND COMMUNITY ECONOMIC DEVELOPMENT CLEARINGHOUSE. (a) The office shall establish the Texas Business and Community Economic Development Clearinghouse to provide information and assistance to businesses and communities in the state through the use of a statewide toll-free telephone service.

(b) The clearinghouse shall collect and disseminate information on federal, state, local, and private:

(1) business development programs, including financial assistance and business incentive programs;

(2) business development services, including technical assistance, workshops, business incubators, training, and useful publications;

(3) rural and urban community economic development programs, including loans, grants, and other funding sources;

(4) rural and urban community economic development services, including technical assistance, workshops, training, and useful publications;

(5) small business programs and services and useful publications;

(6) defense economic adjustment programs and services and useful publications; and

(7) international trade programs, services, and useful publications.

(c) The clearinghouse shall provide access to the information compiled under this subchapter in a user-friendly format through the use of the Internet.

(d) The office shall obtain from other state agencies appropriate information needed by the office to carry out its duties under this subchapter.

(e) The comptroller shall assist the office in furthering the purposes of this subchapter by allowing the office to use the field offices and personnel of the comptroller to disseminate

brochures, documents, and other information useful to businesses in the state.

Added by Acts 1997, 75th Leg., ch. 1041, Sec. 44, eff. Sept. 1, 1997. Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.40, eff. Sept. 1, 2003.

SUBCHAPTER L. TOURISM

Sec. 481.172. DUTIES. (a) The office shall:

(1) as the primary state governmental entity responsible for out-of-state tourism marketing and promotion efforts, promote and advertise within the United States and in foreign countries, by radio, television, newspaper, the Internet, and other means considered appropriate, tourism in this state by non-Texans, including persons from foreign countries, and distribute promotional materials through appropriate distribution channels;

(2) represent the state in domestic and international travel trade shows, trade missions, and seminars;

(3) encourage travel by Texans to this state's scenic, historical, cultural, natural, agricultural, educational, recreational, and other attractions;

(4) conduct a public relations campaign to create a responsible and accurate national and international image of this state;

(5) use current market research to develop a tourism marketing plan to increase travel to the state by domestic and international visitors;

(6) develop methods to attract tourist attractions to the state;

(7) assist communities to develop tourist attractions;

(8) not later than December 31, 2003, enter into a memorandum of understanding with the Parks and Wildlife Department, the Texas Department of Transportation, the Texas Historical Commission, and the Texas Commission on the Arts to direct the efforts of those agencies in all matters relating to tourism;

(9) promote and encourage the horse racing and greyhound racing industry, if funds are appropriated for the promotion or encouragement; and

(10) promote the sports industry and related industries in this state, including promoting this state as a host for national and international amateur athletic competition and promoting sports or fitness programs for the residents of this state, if funds are appropriated for the promotion.

(b) A memorandum of understanding entered into under Subsection (a)(8) shall provide that the office may:

(1) strategically direct and redirect each agency's tourism priorities and activities to:

(A) most effectively meet consumer demands and emerging travel trends, as established by the latest market research; and

(B) minimize duplication of efforts and realize cost savings through economies of scale;

(2) require each agency to submit to the office for advance approval:

(A) resources, activities, and materials related to the promotion of tourism proposed to be provided by the agency;

(B) a plan of action for the agency's proposed tourism activities, not later than June 1 of each year, that includes:

(i) priorities identified by the agency that must include marketing, product development, and program development;

(ii) the agency's proposed budget for tourism activities; and

(iii) measurable goals and objectives of the agency related to the promotion of tourism; and

(C) any proposed marketing message, material, logo, slogan, or other communication to be used by the agency in its tourism-related efforts, to assist the office in coordinating tourism-related efforts conducted in this state by the agency and the office and conducted outside of this state by the office;

(3) direct the development of an annual strategic

tourism plan, including a marketing plan, to increase travel to this state, that:

(A) provides the most effective and efficient expenditure of state funds for in-state marketing activities conducted by the agencies and encouraged by the office and out-of-state marketing activities conducted by the office;

(B) establishes goals, objectives, and performance measures, including the measurement of the return on the investment made by an agency or the office, for the tourism-related efforts of all state agencies; and

(C) is developed not later than September 1 of each year; and

(4) direct the agencies to share costs related to administrative support for the state's tourism activities.

(c) The promotion of the sports industry and related industries under Subsection (a)(10) may include the establishment by the governor of a Texas Sports Commission composed of volunteers who are knowledgeable about or active in amateur sports.

(d) This section does not affect the authority of the State Preservation Board to conduct activities or make expenditures related to tourism or to promote the Bob Bullock Texas State History Museum.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.
Amended by Acts 1991, 72nd Leg., ch. 653, Sec. 1, eff. Sept. 1, 1991; Acts 1995, 74th Leg., ch. 165, Sec. 22(36), eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1041, Sec. 41, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1275, Sec. 52, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 814, Sec. 1.41, eff. Sept. 1, 2003.

Sec. 481.173. NAME AND PICTURE OF LIVING STATE OFFICIAL.
The name or the picture of a living state official may not be used for advertising purposes under this subchapter.

Added by Acts 1989, 71st Leg., ch. 4, Sec. 3.01, eff. Sept. 1, 1989.

Sec. 481.174. ADVERTISEMENTS IN TOURISM PROMOTIONS. (a)
The office may sell advertisements in travel promotions in any medium.

(b) The executive director shall adopt rules to implement the sale of advertisements under Subsection (a), including rules regulating:

- (1) the cost of advertisements;
- (2) the type of products or services that may be advertised;
- (3) the size of advertisements; and
- (4) refunds on advertisements that are not run.

(c) Proceeds from the sale of advertisements shall be deposited in the special account in the general revenue fund that may be used for advertising and marketing activities of the office as provided by Section [156.251](#), Tax Code.

Added by Acts 1993, 73rd Leg., ch. 986, Sec. 23, eff. Sept. 1, 1993.

Amended by Acts 1997, 75th Leg., ch. 1041, Sec. 42, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 814, Sec. 1.42, eff. Sept. 1, 2003.

SUBCHAPTER O. MAIN STREET PROGRAM

SUBCHAPTER P. RESEARCH AND DATA SERVICES

Sec. 481.211. POWERS AND DUTIES. The office shall:

- (1) compile and update demographic and economic information on the state;
- (2) develop and update information products for local communities on community economic development issues and practices that encourage regional cooperation; and
- (3) compile and disseminate information on economic and industrial development trends and issues, including NAFTA, emerging industries, and patterns of international trade and investment.

Added by Acts 1997, 75th Leg., ch. 1041, Sec. 44, eff. Sept. 1, 1997. Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.49, eff. Sept. 1, 2003.

Sec. 481.212. COMPILATION AND DISTRIBUTION OF DATA AND RESEARCH. (a) To serve as a one-stop center for business-related information, the office shall obtain from other state agencies and

organizations, including the comptroller and the Texas Workforce Commission, business-related statistics and data.

(b) To maximize the accessibility of business-related data, the office shall create a web site to publish business-related information on the Internet. The web site must provide connections to other business-related web sites.

(c) The office may charge a reasonable access fee in connection with this subchapter.

Added by Acts 1997, 75th Leg., ch. 1041, Sec. 44, eff. Sept. 1, 1997. Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.50, eff. Sept. 1, 2003.

SUBCHAPTER AA. WORKFORCE DEVELOPMENT INITIATIVE FOR YOUTH

Sec. 481.379. DESIGN COMMITTEE. (a) Expired.

(b) The design committee is composed of members appointed by the executive director as follows:

(1) three members who are employers, representing the business community, including representation of small businesses;

(2) three members who are employees, representing the labor community;

(3) three members who are high school teachers, representing secondary education, including representation by persons with experience in the federal technical preparatory education programs created under 20 U.S.C. Section 2394b;

(4) three members who are faculty members of institutions of higher education, representing higher education, including representation by persons with experience in the federal technical preparatory education programs created under 20 U.S.C. Section 2394b;

(5) three members who are training directors from registered United States Department of Labor Bureau of Apprenticeship and Training programs; and

(6) three members who are persons who are not eligible for appointment under Subdivisions (1) through (5), representing the general public.

(c) to (e) Expired.

Added by Acts 1993, 73rd Leg., ch. 709, Sec. 1, eff. Aug. 30, 1993.
Amended by Acts 1995, 74th Leg., ch. 260, Sec. 30, eff. May 30,
1995.

SUBCHAPTER BB. ACCESS TO CAPITAL PROGRAMS

Sec. 481.401. DEFINITIONS. In this subchapter:

(1) "Capital access loan" means a loan that is entitled to be secured by the fund.

(2) "Financial institution" includes a bank, trust company, banking association, savings and loan association, mortgage company, investment bank, credit union, or nontraditional financial institution.

(3) "Fund" means the original capital access fund.

(4) "Loan" includes a line of credit.

(5) "Medium-sized business" means a corporation, partnership, sole proprietorship, or other legal entity that:

(A) is domiciled in this state or has at least 51 percent of its employees located in this state;

(B) is formed to make a profit; and

(C) employs 100 or more but fewer than 500 full-time employees.

(6) "Nonprofit organization" means a private, nonprofit, tax-exempt corporation, association, or organization listed in Section 501(c)(3), Internal Revenue Code of 1986, that is domiciled in this state or has at least 51 percent of its members located in this state.

(6-a) "Original capital access program" means the program established under Section [481.405](#).

(7) "Participating financial institution" means a financial institution participating in a program.

(8) "Program" means an access to capital program established by the bank under this subchapter.

(9) "Reserve account" means an account established in a participating financial institution on approval of the bank in which money is deposited to serve as a source of additional revenue to reimburse the financial institution for losses on loans enrolled

in a program.

(10) "Small business" means a corporation, partnership, sole proprietorship, or other legal entity that:

(A) is domiciled in this state or has at least 51 percent of its employees located in this state;

(B) is formed to make a profit;

(C) is independently owned and operated; and

(D) employs fewer than 100 full-time employees.

Added by Acts 1997, 75th Leg., ch. 1163, Sec. 1, eff. Sept. 1, 1997.

Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.51, eff. Sept. 1, 2003.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. [3271](#)), Sec. 3, eff. June 18, 2021.

Sec. 481.402. ORIGINAL CAPITAL ACCESS FUND. (a) The original capital access fund is a dedicated account in the general revenue fund.

(b) Appropriations for the implementation and administration of the original capital access program and any other amounts received by the state for the original capital access program shall be deposited in the fund.

(c) Money in the fund may be appropriated only to the bank for use in carrying out the purposes of the original capital access program.

Added by Acts 1997, 75th Leg., ch. 1163, Sec. 1, eff. Sept. 1, 1997.

Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.52, eff. Sept. 1, 2003.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. [3271](#)), Sec. 4, eff. June 18, 2021.

Sec. 481.403. ACCESS TO CAPITAL PROGRAMS. The bank may establish access to capital loan-related programs of the following types to promote private access to capital to certain businesses with fewer than 500 full-time employees:

(1) capital access programs;

- (2) collateral support programs;
- (3) loan guarantee programs; and
- (4) loan participation programs.

Added by Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. [3271](#)), Sec. 5, eff. June 18, 2021.

Sec. 481.404. POWERS OF BANK IN ADMINISTERING ORIGINAL CAPITAL ACCESS FUND. In administering the fund, the bank has the powers necessary to carry out the purposes of this subchapter, including the power to:

- (1) make, execute, and deliver contracts, conveyances, and other instruments necessary to the exercise of its powers;

- (2) invest money at the bank's discretion in obligations determined proper by the bank, and select and use depositories for its money;

- (3) employ personnel and counsel and pay the persons from money in the fund legally available for that purpose; and

- (4) impose and collect fees and charges in connection with any transaction and provide for reasonable penalties for delinquent payment of fees or charges.

Added by Acts 1997, 75th Leg., ch. 1163, Sec. 1, eff. Sept. 1, 1997.

Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.53, eff. Sept. 1, 2003.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. [3271](#)), Sec. 6, eff. June 18, 2021.

Sec. 481.405. ORIGINAL CAPITAL ACCESS PROGRAM. (a) The original capital access program has been established by the bank to assist a participating financial institution in making loans to businesses and nonprofit organizations that face barriers in accessing capital.

(b) The bank shall use money in the fund to make a deposit in a participating financial institution's reserve account in an amount specified by this subchapter to be a source of money the institution may receive as reimbursement for losses attributable to

loans in the original capital access program.

(c) The bank shall determine the eligibility of a financial institution to participate in the original capital access program and may set a limit on the number of eligible financial institutions that may participate in the original capital access program.

(d) To participate in the original capital access program, an eligible financial institution must enter into a participation agreement with the bank that sets out the terms and conditions under which the bank will make contributions to the institution's reserve account and specifies the criteria for a loan to qualify as a capital access loan under the original capital access program.

(e) To qualify as a capital access loan under the original capital access program, a loan must:

(1) be made to a small or medium-sized business or to a nonprofit organization;

(2) be used by the business or nonprofit organization for any project, activity, or enterprise in this state that fosters economic development; and

(3) meet any other criteria provided by this subchapter.

Added by Acts 1997, 75th Leg., ch. 1163, Sec. 1, eff. Sept. 1, 1997.

Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.54, eff. Sept. 1, 2003.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. [3271](#)), Sec. 7, eff. June 18, 2021.

Sec. 481.406. RULEMAKING AUTHORITY. (a) The executive director may adopt rules relating to the implementation of any program established under this subchapter and any other rules necessary to accomplish the purposes of this subchapter.

(b) The rules for the original capital access program may:

(1) provide for criteria under which a certain line of credit issued by an eligible financial institution to a small or medium-sized business or nonprofit organization qualifies to participate in the original capital access program; and

(2) authorize a consortium of financial institutions

to participate in the original capital access program subject to common underwriting guidelines.

(c) To qualify for participation in the original capital access program, a line of credit must:

(1) be an account at a financial institution under which the financial institution agrees to lend money to a person from time to time to finance one or more projects, activities, or enterprises that are authorized by this subchapter; and

(2) contain the same restrictions, to the extent possible, that are placed on a capital access loan under the original capital access program that is not a line of credit.

Added by Acts 1997, 75th Leg., ch. 1163, Sec. 1, eff. Sept. 1, 1997.

Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.55, eff. Sept. 1, 2003.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. [3271](#)), Sec. 8, eff. June 18, 2021.

Sec. 481.407. PROVISIONS RELATING TO CAPITAL ACCESS LOAN UNDER ORIGINAL CAPITAL ACCESS PROGRAM. (a) Except as otherwise provided by this subchapter, the bank may not determine the recipient, amount, or interest rate of a capital access loan under the original capital access program or the fees or other requirements related to the loan.

(b) A loan under the original capital access program is not eligible to be enrolled under this subchapter if the loan is for:

(1) construction or purchase of residential housing;

(2) simple real estate investments, excluding the development or improvement of commercial real estate occupied by the borrower's business or organization; or

(3) inside bank transactions, as defined by the policy board.

(c) The borrower of a capital access loan under the original capital access program must apply the loan to working capital or to the purchase, construction, or lease of capital assets, including buildings and equipment used by the business or nonprofit organization. Working capital uses include the cost of exporting,

accounts receivable, payroll, inventory, and other financing needs of the business or organization.

(d) A capital access loan under the original capital access program may be sold on the secondary market with no recourse to the bank or to the loan loss reserve correspondent to the loan and under conditions as may be determined by the bank.

(e) When enrolling a loan in the original capital access program, a participating financial institution may specify an amount to be covered under the original capital access program that is less than the total amount of the loan.

Added by Acts 1997, 75th Leg., ch. 1163, Sec. 1, eff. Sept. 1, 1997.

Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.56, eff. Sept. 1, 2003.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. [3271](#)), Sec. 9, eff. June 18, 2021.

Sec. 481.408. ORIGINAL CAPITAL ACCESS PROGRAM RESERVE ACCOUNT. (a) On approval by the bank and after entering into a participation agreement with the bank, a participating financial institution making a capital access loan under the original capital access program shall establish a reserve account. The reserve account shall be used by the institution only to cover any losses arising from a default of a capital access loan under the original capital access program made by the institution under this subchapter or as otherwise provided by this subchapter.

(b) When a participating financial institution makes a loan enrolled in the original capital access program, the institution shall require the borrower to pay to the institution a fee in an amount that is not less than two percent but not more than three percent of the principal amount of the loan, which the financial institution shall deposit in the reserve account. The institution shall also deposit in the reserve account an amount equal to the amount of the fee received by the institution from the borrower under this subsection. The institution may recover from the borrower all or part of the amount the institution is required to pay under this subsection in any manner agreed to by the institution

and borrower.

(c) For each capital access loan under the original capital access program made by a financial institution, the institution shall certify to the bank, within the period prescribed by the bank, that the institution has made a capital access loan, the amount the institution has deposited in the reserve account, including the amount of fees received from the borrower, and, if applicable, that the borrower is financing an enterprise project or is located in or financing a project, activity, or enterprise in an area designated as an enterprise zone under Chapter 2303.

(d) On receipt of a certification made under Subsection (c) and subject to Section 481.409, the bank shall deposit in the institution's reserve account for each capital access loan made by the institution under the original capital access program:

(1) an amount equal to the amount deposited by the institution for each loan if the institution:

(A) has assets of more than \$1 billion; or

(B) has previously enrolled loans in the original capital access program that in the aggregate are more than \$2 million;

(2) an amount equal to 150 percent of the total amount deposited under Subsection (b) for each loan if the institution is not described by Subdivision (1); or

(3) notwithstanding Subdivisions (1) and (2), an amount equal to 200 percent of the total amount deposited under Subsection (b) for each loan if:

(A) the borrower is financing an enterprise project or is located in or financing a project, activity, or enterprise in an area designated as an enterprise zone under Chapter 2303;

(B) the borrower is a small or medium-sized business or a nonprofit organization that operates or proposes to operate a day-care center or a group day-care home, as those terms are defined by Section 42.002, Human Resources Code; or

(C) the participating financial institution is a community development financial institution, as that term is defined by 12 U.S.C. Section 4702, as amended.

(e) A participating financial institution must obtain approval from the bank to withdraw funds from the reserve account. Added by Acts 1997, 75th Leg., ch. 1163, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.57, eff. Sept. 1, 2003.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. [3271](#)), Sec. 10, eff. June 18, 2021.

Sec. 481.409. LIMITATIONS ON STATE CONTRIBUTION TO ORIGINAL CAPITAL ACCESS PROGRAM RESERVE ACCOUNT. (a) The amount deposited by the bank into a participating financial institution's reserve account for any single loan recipient under the original capital access program may not exceed \$150,000 during a three-year period.

(b) The maximum amount the bank may deposit into a reserve account for each capital access loan under the original capital access program made under this subchapter is the lesser of \$35,000 or an amount equal to:

(1) eight percent of the loan amount if:

(A) the borrower is financing an enterprise project or is located in or financing a project, activity, or enterprise in an area designated as an enterprise zone under Chapter [2303](#);

(B) the borrower is a small or medium-sized business or a nonprofit organization that operates or proposes to operate a day-care center or a group day-care home, as those terms are defined by Section [42.002](#), Human Resources Code; or

(C) the participating financial institution is a community development financial institution, as that term is defined by 12 U.S.C. Section 4702, as amended; or

(2) six percent of the loan amount for any other borrower.

Added by Acts 1997, 75th Leg., ch. 1163, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.58, eff. Sept. 1, 2003.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. [3271](#)), Sec. 11,

eff. June 18, 2021.

Sec. 481.410. STATE'S RIGHTS WITH RESPECT TO ORIGINAL CAPITAL ACCESS PROGRAM RESERVE ACCOUNT. (a) All of the money in a reserve account established under this subchapter for the original capital access program is property of the state.

(b) The state is entitled to earn interest on the amount of contributions made by the bank, borrower, and institution to a reserve account under this subchapter for the original capital access program. The bank shall withdraw monthly or quarterly from a reserve account for the original capital access program the amount of the interest earned by the state. The bank shall deposit the amount withdrawn under this subsection into the fund.

(c) If the amount in a reserve account for the original capital access program exceeds an amount equal to 33 percent of the balance of the financial institution's outstanding capital access loans under the original capital access program, the bank may withdraw the excess amount and deposit the amount in the fund. A withdrawal of money authorized under this subsection may not reduce an active reserve account for the original capital access program to an amount that is less than \$200,000.

(d) The bank shall withdraw from the institution's reserve account under the original capital access program the total amount in the account and any interest earned on the account and deposit the amount in the fund when:

(1) a financial institution is no longer eligible to participate in the original capital access program or a participation agreement entered into under this subchapter for the original capital access program expires without renewal by the bank or institution;

(2) the financial institution has no outstanding capital access loans under the original capital access program;

(3) the financial institution has not made a capital access loan under the original capital access program within the preceding 24 months; or

(4) the financial institution fails to submit a report or other document requested by the bank for the original capital

access program within the time or in the manner prescribed.

Added by Acts 1997, 75th Leg., ch. 1163, Sec. 1, eff. Sept. 1, 1997.

Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.59, eff. Sept. 1, 2003.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. [3271](#)), Sec. 12, eff. June 18, 2021.

Sec. 481.411. ANNUAL REPORT. A participating financial institution shall submit an annual report to the bank. The report must, at a minimum:

(1) provide information regarding outstanding loans, loan losses, and any other information related to participation in a program established under this subchapter the bank considers appropriate;

(2) state the total amount of loans for which the bank has made a contribution from the fund under this subchapter;

(3) include a copy of the institution's most recent financial statement; and

(4) include information regarding the type and size of businesses and nonprofit organizations with loans under this subchapter.

Added by Acts 1997, 75th Leg., ch. 1163, Sec. 1, eff. Sept. 1, 1997.

Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.60, eff. Sept. 1, 2003.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. [3271](#)), Sec. 13, eff. June 18, 2021.

Sec. 481.412. REPORTS; AUDITS. (a) The office shall submit to the legislature an annual status report on the activities of all programs established under this subchapter.

(b) The financial transactions of the fund are subject to audit by the state auditor as provided by Chapter [321](#).

Added by Acts 1997, 75th Leg., ch. 1163, Sec. 1, eff. Sept. 1, 1997.

Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.61, eff. Sept. 1, 2003.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. [3271](#)), Sec. 14, eff. June 18, 2021.

Sec. 481.413. STATE LIABILITY PROHIBITED. The state is not liable to a participating financial institution for payment of the principal, the interest, or any late charges on a capital access loan made under this subchapter.

Added by Acts 1997, 75th Leg., ch. 1163, Sec. 1, eff. Sept. 1, 1997.

Sec. 481.414. GIFTS AND GRANTS. The bank may accept gifts, grants, and donations from any source for the purposes of this subchapter.

Added by Acts 1997, 75th Leg., ch. 1163, Sec. 1, eff. Sept. 1, 1997.

Amended by Acts 2003, 78th Leg., ch. 814, Sec. 1.62, eff. Sept. 1, 2003.

Sec. 481.415. ALLOCATION AND TRANSFER OF MONEY FROM ORIGINAL CAPITAL ACCESS FUND. (a) Notwithstanding any other provision of this subchapter, the bank may allocate money held in or due to the original capital access fund to programs administered by the bank under Section [489.108](#) or Subchapter D, Chapter [489](#). The bank may transfer money from the original capital access fund to the Texas product development fund or the Texas small business incubator fund.

(b) Notwithstanding Subchapter D, Chapter [489](#), the bank may use money transferred under Subsection (a) to make loans to small or medium-sized businesses, governmental entities, or nonprofit organizations. A business, governmental entity, or nonprofit organization that receives a loan under this subsection may:

(1) use the money for any project, activity, or enterprise in this state that fosters economic development; or

(2) hold the money in a reserve account created as a condition of the extension of the loan.

Added by Acts 2013, 83rd Leg., R.S., Ch. 1092 (H.B. [3578](#)), Sec. 1, eff. September 1, 2013.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. 3271), Sec. 15, eff. June 18, 2021.

Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. 3271), Sec. 16, eff. June 18, 2021.

Subchapter CC, consisting of Secs. 481.451 to 481.458, was added by

Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. 3271), Sec. 1.

For another Subchapter CC, consisting of Secs. 481.601 to 481.609, added by Acts 2021, 87th Leg., R.S., Ch. 847 (S.B. 678), Sec. 1, see Sec. 481.601 et seq., post.

SUBCHAPTER CC. MICRO-BUSINESS DISASTER RECOVERY PROGRAM

Sec. 481.451. DEFINITIONS. In this subchapter:

(1) "Community development financial institution" has the meaning assigned by 12 U.S.C. Section 4702.

(2) "Declared disaster" means:

(A) a declaration of a state of disaster under Section 418.014 or 418.108; or

(B) a disaster declared by the president of the United States, if any part of this state is named in the federally designated disaster area.

(3) "Default rate" means the percentage of micro-business disaster recovery loans made that did not meet the payment terms during a period specified by the bank.

(4) "Fund" means the micro-business recovery fund established under Section 481.452.

(5) "Micro-business" means a corporation, partnership, sole proprietorship, or other legal entity that:

(A) is domiciled in this state and has at least 95 percent of its employees located in this state;

(B) is formed to make a profit; and

(C) employs not more than 20 employees.

(6) "Micro-business disaster recovery loan" or "disaster recovery loan" means a loan made by a participating community development financial institution to micro-businesses under the program.

(7) "Program" means the micro-business disaster

recovery loan program established under this subchapter.

Added by Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. 3271), Sec. 1, eff. June 18, 2021.

Sec. 481.452. MICRO-BUSINESS RECOVERY FUND. (a) The micro-business recovery fund is a dedicated account in the general revenue fund.

(b) Appropriations for the implementation and administration of this subchapter and any other amounts, including federal allocations, received by the bank or state under this subchapter shall be deposited in the fund.

(c) Money in the fund may be appropriated only to the bank for use in carrying out the purposes of this subchapter.

Added by Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. 3271), Sec. 1, eff. June 18, 2021.

Sec. 481.453. POWERS OF BANK IN ADMINISTERING MICRO-BUSINESS RECOVERY FUND. In administering the fund, the bank has the powers necessary to carry out the purposes of this subchapter, including the power to:

(1) make, execute, and deliver contracts, conveyances, and other instruments necessary to the exercise of its powers;

(2) invest money at the bank's discretion in obligations determined proper by the bank, and select and use depositories for its money;

(3) employ personnel and counsel and pay those persons from money in the fund legally available for that purpose; and

(4) impose and collect fees and charges in connection with any transaction and provide for reasonable penalties for delinquent payment of fees or charges.

Added by Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. 3271), Sec. 1, eff. June 18, 2021.

Sec. 481.454. ESTABLISHMENT OF LOAN PROGRAM; PURPOSE. (a) The bank shall establish and administer a revolving loan program as provided by this subchapter.

(b) The program shall expand access to capital for qualifying micro-businesses to create jobs in this state and constitutes a capital access program under Subchapter BB. Added by Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. 3271), Sec. 1, eff. June 18, 2021.

Sec. 481.455. PROGRAM ADMINISTRATION. (a) The bank, under the program, shall provide zero interest loans to eligible community development financial institutions for purposes of making interest-bearing loans to qualifying micro-businesses that have difficulty in accessing capital following a declared disaster.

(b) A loan made by an eligible community development financial institution under the program:

(1) must be made to a micro-business that:

(A) is in good standing under the laws of this state; and

(B) did not owe delinquent taxes to a taxing unit of this state before the date of the initial issuance of the disaster declaration;

(2) may not be made to a micro-business that:

(A) has total revenue that exceeds the amount for which no franchise tax is due under Section 171.002(d)(2), Tax Code;

(B) is a franchise;

(C) is a national chain with operations in this state;

(D) is a lobbying firm; or

(E) is a private equity firm or backed by a private equity firm; and

(3) must meet any other criteria provided by this subchapter.

(c) Payments on micro-business disaster recovery loans shall be made directly to the lending community development financial institutions.

(d) All income received on a loan made by a community development financial institution participating in the program is the property of the financial institution. Income received on a

loan includes the payment of interest by a borrower micro-business and the administrative fees assessed by the community development financial institution.

(e) A community development financial institution participating in the program shall make payments to the bank on the zero interest loans borrowed by the financial institution under the program quarterly, and the bank or this state is not responsible or liable for any defaults in micro-business disaster recovery loans made by the community development financial institution.

Added by Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. [3271](#)), Sec. 1, eff. June 18, 2021.

Sec. 481.456. RULEMAKING. The executive director shall adopt rules relating to the implementation of the program and any other rules necessary to accomplish the purposes of this subchapter, including rules that provide criteria under which community development financial institutions may qualify for the program.

Added by Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. [3271](#)), Sec. 1, eff. June 18, 2021.

Sec. 481.457. OVERSIGHT. (a) A community development financial institution participating in the program shall report quarterly to the bank:

(1) the names of micro-businesses that have received a disaster recovery loan;

(2) the current balance of all outstanding disaster recovery loans;

(3) the default rate on existing disaster recovery loans; and

(4) any other information the bank requires.

(b) A community development financial institution participating in the program shall prepare a detailed financial statement each quarter and provide a copy to the bank.

(c) A community development financial institution shall allow the bank to inspect the institution's financial records on request for purposes that relate to loans under the program.

Added by Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. 3271), Sec. 1, eff. June 18, 2021.

Sec. 481.458. PROGRAM ANNUAL STATUS REPORT. The bank shall prepare an annual status report on the program. The office shall include a summary of the report in the report to the legislature required by Section 489.107.

Added by Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. 3271), Sec. 1, eff. June 18, 2021.

Subchapter CC, consisting of Secs. 481.601 to 481.609, was added by Acts 2021, 87th Leg., R.S., Ch. 847 (S.B. 678), Sec. 1.

For another Subchapter CC, consisting of Secs. 481.451 to 481.458, added by Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. 3271), Sec. 1, see Sec. 481.451 et seq., post.

SUBCHAPTER CC. SMALL BUSINESS DISASTER RECOVERY LOAN PROGRAM

Sec. 481.601. DEFINITIONS. In this subchapter:

(1) "Disaster declaration" means a declaration by the governor of a state of disaster under Section 418.014.

(2) "Fund" means the small business disaster recovery revolving fund created under Section 481.606.

(3) "Small business" has the meaning assigned by Section 481.401.

(4) "Trust company" means the Texas Treasury Safekeeping Trust Company.

Added by Acts 2021, 87th Leg., R.S., Ch. 847 (S.B. 678), Sec. 1, eff. September 1, 2021.

Sec. 481.602. SMALL BUSINESS DISASTER RECOVERY LOAN PROGRAM. (a) The office by rule shall establish a loan program to use money from the fund established under this subchapter to provide financial assistance to small businesses affected by a disaster.

(b) The office may provide financial assistance from the fund only:

(1) in the form of a loan to an eligible small business

that is located in an area under a disaster declaration; and

(2) during the period for which the disaster declaration is in effect.

(c) The office shall credit to the fund all principal and interest payments on a loan from the fund.

Added by Acts 2021, 87th Leg., R.S., Ch. 847 (S.B. 678), Sec. 1, eff. September 1, 2021.

Sec. 481.603. ELIGIBILITY FOR LOAN. The office by rule shall establish the eligibility requirements for a loan to a small business under this subchapter. The requirements must include that the small business:

(1) is in good standing under the laws of this state;

(2) does not owe delinquent taxes to a taxing unit of this state;

(3) has suffered physical damage or economic injury as a result of the event leading to the disaster declaration; and

(4) has paid in full any previous loans received under this subchapter.

Added by Acts 2021, 87th Leg., R.S., Ch. 847 (S.B. 678), Sec. 1, eff. September 1, 2021.

Sec. 481.604. USES OF LOAN. An eligible small business may only use a loan received under this subchapter to pay the small business's payroll costs, including costs related to the continuation of health care benefits for the small business's employees.

Added by Acts 2021, 87th Leg., R.S., Ch. 847 (S.B. 678), Sec. 1, eff. September 1, 2021.

Sec. 481.605. APPLICATION FOR LOAN. The office shall develop and implement an application process for an eligible small business to receive a loan under this subchapter.

Added by Acts 2021, 87th Leg., R.S., Ch. 847 (S.B. 678), Sec. 1, eff. September 1, 2021.

Sec. 481.606. SMALL BUSINESS DISASTER RECOVERY REVOLVING

FUND. (a) The small business disaster recovery revolving fund is a special fund outside the state treasury to be used by the office, without further legislative appropriation, for the purpose of providing financial assistance to small businesses in response to a disaster declaration as provided by this subchapter. The office shall administer the fund. The office may establish separate accounts in the fund. The fund and the fund's accounts are kept and held by the trust company in escrow and in trust for and in the name of the office. The office has legal title to money and investments in the fund until money is disbursed from the fund as provided by this subchapter and office rules.

(b) Money deposited to the credit of the fund may be used only as provided by this subchapter.

(c) The fund consists of:

(1) money transferred or deposited to the credit of the fund by law, including money from any source transferred or deposited to the credit of the fund at the office's discretion as authorized by law;

(2) the proceeds of any fee or tax imposed by this state that by statute is dedicated for deposit to the credit of the fund;

(3) any other revenue that the legislature by statute dedicates for deposit to the credit of the fund; and

(4) investment earnings and interest earned on amounts credited to the fund.

Added by Acts 2021, 87th Leg., R.S., Ch. 847 (S.B. 678), Sec. 1, eff. September 1, 2021.

Sec. 481.607. MANAGEMENT AND INVESTMENT OF FUND. (a) The trust company shall hold and invest the fund, and any accounts established in the fund, for and in the name of the office, taking into account the purposes for which money in the fund may be used. The fund may be co-invested with the state treasury pool.

(b) The overall objective for the investment of the fund is to maintain sufficient liquidity to meet the needs of the fund while striving to preserve the purchasing power of the fund. It is the intent of the legislature that the fund remain available in

perpetuity for the purposes of this subchapter.

(c) The trust company has any power necessary to accomplish the purposes of managing and investing the assets of the fund. In managing the assets of the fund, through procedures and subject to restrictions the trust company considers appropriate, the trust company may acquire, exchange, sell, supervise, manage, or retain any kind of investment that a prudent investor, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment.

(d) The trust company may recover the costs incurred in managing and investing the fund only from the earnings of the fund.

(e) The trust company annually shall report to the office with respect to the investment of the fund. The trust company shall contract with a certified public accountant to conduct an independent audit of the fund annually and shall present the results of each annual audit to the office. This subsection does not affect the state auditor's authority to conduct an audit of the fund under Chapter 321.

(f) The trust company shall adopt an investment policy that is appropriate for the fund. The trust company shall present the investment policy to the investment advisory board established under Section 404.028. The investment advisory board shall submit to the trust company recommendations regarding the policy.

(g) The office annually shall provide to the trust company a forecast of the cash flows into and out of the fund. The office shall provide updates to the forecasts as appropriate to ensure that the trust company is able to achieve the objective specified by Subsection (b).

(h) The trust company shall disburse money from the fund as directed by the office.

Added by Acts 2021, 87th Leg., R.S., Ch. 847 (S.B. 678), Sec. 1, eff. September 1, 2021.

Sec. 481.608. RULES. The office shall adopt rules

necessary to implement this subchapter.

Added by Acts 2021, 87th Leg., R.S., Ch. 847 (S.B. 678), Sec. 1, eff. September 1, 2021.

Sec. 481.609. REPORT. Not later than December 1 of each even-numbered year, the office shall prepare and submit to the governor, the lieutenant governor, and each member of the legislature a report that includes:

(1) the balance of the fund as of the date of the report;

(2) the total dollar amount of disbursements from the fund during the two-year period preceding that date; and

(3) a general description of each small business for which an applicant was awarded a loan from the fund during the two-year period preceding that date.

Added by Acts 2021, 87th Leg., R.S., Ch. 847 (S.B. 678), Sec. 1, eff. September 1, 2021.

SUBCHAPTER DD. DEFENSE COMMUNITY ASSISTANCE

Sec. 481.501. DEFINITIONS. In this subchapter:

(1) "Defense base" means a federally owned or operated military installation, facility, or mission that is functioning on June 1, 2003.

(2) "Defense community" means a political subdivision, including a municipality, county, defense base development authority, or special district, that is adjacent to, is near, or encompasses any part of a defense base.

(3) Repealed by Acts 2009, 81st Leg., R.S., Ch. 43, Sec. 22(6), eff. September 1, 2009.

Added by Acts 2003, 78th Leg., ch. 362, Sec. 1, eff. June 18, 2003.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 43 (H.B. 2546), Sec. 22(6), eff. September 1, 2009.

Sec. 481.502. FINANCIAL ASSISTANCE. (a) The office and the Texas Military Preparedness Commission shall assist defense

communities in obtaining financing for economic development projects that seek to address future realignment or closure of a defense base that is in, adjacent to, or near the defense community. The office shall refer the defense community to:

(1) a local economic development corporation created under the Development Corporation Act (Subtitle C1, Title 12, Local Government Code) for possible financing; or

(2) an appropriate state agency that has an existing program to provide financing for the project, including:

(A) the Texas Water Development Board; or

(B) the Texas Department of Transportation.

(b) A state agency making a loan to a defense community under this section shall evaluate the project and determine whether the project may be financed through the agency's program. The state agency has sole discretion on whether to finance the project.

(c) Expired.

Added by Acts 2003, 78th Leg., ch. 362, Sec. 1, eff. June 18, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. [2278](#)), Sec. 3.07, eff. April 1, 2009.

Acts 2009, 81st Leg., R.S., Ch. 43 (H.B. [2546](#)), Sec. 16, eff. September 1, 2009.

Acts 2015, 84th Leg., R.S., Ch. 330 (S.B. [1358](#)), Sec. 14, eff. September 1, 2015.

Sec. 481.503. MEMORANDUM OF UNDERSTANDING. The office shall enter into a memorandum of understanding with each state agency that has a program to fund economic development projects for defense communities. The memorandum of understanding shall include each agency's responsibilities in granting and administering a loan to a defense community.

Added by Acts 2003, 78th Leg., ch. 362, Sec. 1, eff. June 18, 2003.

Sec. 481.504. SECURITY FOR LOANS. In addition to any other security provided by law, if a defense community defaults on a loan, a state agency making a loan to the defense community for a project described by Section [481.502\(a\)](#) may foreclose under a loan

agreement in the manner provided by law for foreclosure and liquidate any collateral provided under the loan agreement to recover any outstanding debt.

Added by Acts 2003, 78th Leg., ch. 362, Sec. 1, eff. June 18, 2003.