

GOVERNMENT CODE
TITLE 4. EXECUTIVE BRANCH
SUBTITLE F. COMMERCE AND INDUSTRIAL DEVELOPMENT
CHAPTER 489. TEXAS ECONOMIC DEVELOPMENT BANK

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 489.001. DEFINITIONS. In this chapter:

(1) "Bank" means the Texas Economic Development Bank established under Section [489.101](#).

(2) "Fund" means the Texas economic development bank fund.

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

Added by Acts 2003, 78th Leg., ch. 814, Sec. 2.01, eff. Sept. 1, 2003.

Sec. 489.002. RULES. The office shall adopt rules necessary to carry out the purposes of this chapter.

Added by Acts 2003, 78th Leg., ch. 814, Sec. 2.01, eff. Sept. 1, 2003.

SUBCHAPTER B. CREATION AND OPERATION OF BANK; TEXAS ECONOMIC
DEVELOPMENT BANK FUND

Sec. 489.101. CREATION OF BANK. (a) The office shall establish the Texas Economic Development Bank for the purpose of:

(1) providing globally competitive, cost-effective state incentives to expanding businesses operating in this state and businesses relocating to this state; and

(2) ensuring that communities and businesses in this state have access to capital for economic development purposes.

(b) The bank's effectiveness shall be measured on the basis of the number of jobs created and retained and the total amount of nonstate funds leveraged as a result of the bank's efforts.

Added by Acts 2003, 78th Leg., ch. 814, Sec. 2.01, eff. Sept. 1, 2003.

Sec. 489.102. POWERS AND DUTIES OF BANK. (a) The bank shall offer a variety of financial incentives to help communities and businesses in this state compete and succeed in the global marketplace. The bank shall assist communities in accessing financing with which to fund their economic development efforts.

(b) The bank may:

(1) provide, as provided under the programs the bank administers under Section 489.108 or otherwise as provided by law:

(A) qualifying communities with tax incentives for expanding businesses or businesses relocating to this state;

(B) incentives to lenders to:

(i) make loans to near-bankable businesses in the lender's community; and

(ii) make low-interest loans to qualifying businesses; and

(C) bond-based long-term debt financing for capital investment in public entities, in large commercial and industrial projects, and for other economic development purposes;

(2) act as a link between businesses searching for investment capital and potential investors;

(3) inform institutional lenders of economic development plans and strategies for each region of this state and encourage institutional lenders to support those plans in their marketing and investment strategies;

(4) offer communities a one-stop source of financing for their economic development efforts;

(5) provide communities with technical assistance in the development of their incentive programs to attract and retain businesses and in the design of incentive packages for specific proposals;

(6) provide expanding businesses or businesses relocating to this state with a single source of information concerning financial incentives offered by this state to those businesses; and

(7) provide grants or financing to the Texas Department of Transportation to implement the department's powers

and duties relating to rural rail development under Chapter 91, Transportation Code.

Added by Acts 2003, 78th Leg., ch. 814, Sec. 2.01, eff. Sept. 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 1410 (H.B. 2660), Sec. 1, eff. June 15, 2007.

Sec. 489.103. FEES. The bank shall charge fees to the beneficiaries of its services as the bank determines necessary. Amounts collected under this section may be used to support the administration of the bank's programs and implementation of the bank's strategies.

Added by Acts 2003, 78th Leg., ch. 814, Sec. 2.01, eff. Sept. 1, 2003.

Sec. 489.104. ALLOCATION OF RESOURCES. The bank may allocate its resources as necessary to efficiently meet the level of demand experienced by:

(1) each program or service described by Section 489.108; and

(2) the Texas Department of Transportation under Section 489.102(b)(7).

Added by Acts 2003, 78th Leg., ch. 814, Sec. 2.01, eff. Sept. 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 1410 (H.B. 2660), Sec. 2, eff. June 15, 2007.

Sec. 489.105. TEXAS ECONOMIC DEVELOPMENT BANK FUND. (a) The Texas economic development bank fund is a dedicated account in the general revenue fund.

(b) The fund consists of:

(1) appropriations for the implementation and administration of this chapter;

(2) fees charged under Subchapter BB, Chapter 481;

(3) interest earned on the investment of money in the

fund;

- (4) fees charged under this chapter;
- (5) investment earnings from the programs administered by the bank;
- (6) amounts transferred under Section [2303.504\(b\)](#);
- (7) investment earnings under the Texas product development fund under Section [489.211](#);
- (8) investment earnings under the Texas small business incubator fund under Section [489.212](#); and
- (9) any other amounts received by the state under this chapter.

(c) Money in the fund may be used only to carry out the purposes of this chapter.

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

Added by Acts 2003, 78th Leg., ch. 814, Sec. 2.01, eff. Sept. 1, 2003.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. [3271](#)), Sec. 17, eff. June 18, 2021.

Acts 2023, 88th Leg., R.S., Ch. 690 (H.B. [1515](#)), Sec. 8, eff. September 1, 2023.

Sec. 489.106. ADMINISTRATION OF FUND AND CHAPTER. The office shall administer the fund. In administering the fund and this chapter, the office has the powers necessary to carry out the purposes of this chapter, including the power to:

(1) make, execute, and deliver contracts, conveyances, and other instruments;

(2) impose and collect fees and charges in connection with any transaction and provide for reasonable penalties for delinquent payments or performance; and

(3) issue bonds for economic development projects as that term is defined by Section [501.101](#), Local Government Code, or Section [505.151](#), [505.152](#), [505.153](#), [505.154](#), [505.155](#), or [505.156](#), Local Government Code.

Added by Acts 2003, 78th Leg., ch. 814, Sec. 2.01, eff. Sept. 1,

2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 3.08, eff. April 1, 2009.

Sec. 489.107. ANNUAL REPORT. (a) On or before January 1 of each year, the office shall submit to the legislature an annual status report on the activities of the bank.

(b) The report under Subsection (a) must include for each program administered by the office:

(1) the number of grants, loans, and designations awarded in the previous fiscal year;

(2) the total number of grants, loans, and designations awarded by the bank;

(3) the amount in dollars of all grants, loans, and designations described by Subdivisions (1) and (2);

(4) the number of applications received in the previous fiscal year;

(5) the number of outstanding loans and designations;

(6) a summary of each outstanding loan and designation, including the amount outstanding and the terms of the loan or designation;

(7) the balance of each program's fund and any reserve account; and

(8) any challenges in administering each program, including any proposals for statutory changes that would address the challenges.

(c) For the small business disaster recovery loan program, the report must include a general description of each small business for which an applicant was awarded a loan from the fund during the preceding fiscal year.

(d) In preparing the report under Subsection (a), the office shall remove any identifying information pertaining to program participants.

Added by Acts 2003, 78th Leg., ch. 814, Sec. 2.01, eff. Sept. 1, 2003.

Amended by:

Acts 2023, 88th Leg., R.S., Ch. 690 (H.B. [1515](#)), Sec. 9, eff. September 1, 2023.

Sec. 489.108. PROGRAMS, SERVICES, AND FUNDS UNDER BANK'S DIRECTION. Notwithstanding any other law, the bank shall perform the duties and functions of the office with respect to the following programs, services, and funds:

(1) the original capital access program established under Section 481.405;

(2) the Texas leverage fund;

(3) the enterprise zone program established under Chapter [2303](#);

(4) the industrial revenue bond program;

(5) the defense economic readjustment zone program established under Chapter [2310](#);

(6) the Empowerment Zone and Enterprise Community grant program established under Section [481.025](#); and

(7) the renewal community program.

Added by Acts 2003, 78th Leg., ch. 814, Sec. 2.01, eff. Sept. 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. [2278](#)), Sec. 3.09, eff. April 1, 2009.

Acts 2015, 84th Leg., R.S., Ch. 364 (H.B. [2667](#)), Sec. 3, eff. September 1, 2015.

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

SUBCHAPTER C. MISCELLANEOUS PROVISIONS

Sec. 489.151. STATE LIABILITY PROHIBITED. The state and state officers or employees are not liable to participants for grants, loans, or other transactions under this chapter except as specifically provided by law.

Added by Acts 2003, 78th Leg., ch. 814, Sec. 2.01, eff. Sept. 1, 2003.

Sec. 489.152. GIFTS, GRANTS, AND DONATIONS. The office may accept gifts, grants, and donations from any source for the purposes of this chapter.

Added by Acts 2003, 78th Leg., ch. 814, Sec. 2.01, eff. Sept. 1, 2003.

SUBCHAPTER D. PRODUCT DEVELOPMENT AND SMALL BUSINESS INCUBATORS

Sec. 489.211. TEXAS PRODUCT DEVELOPMENT FUND. (a) The Texas product development fund is a fund in the state treasury.

(b) The product fund is composed of proceeds of bonds issued under this subchapter, financing application fees, loan repayments, guarantee fees, royalty receipts, dividend income, money appropriated by the legislature for authorized purposes of the product fund, amounts received by the state from loans, loan guarantees, and equity investments made under this subchapter, amounts received by the state from federal grants or other sources, and any other amounts received under this subchapter and required by the bank to be deposited in the product fund. The product fund contains a program account, an interest and sinking account, and other accounts that the bank authorizes to be created and maintained. Money in the product fund is available for use by the bank under this subchapter. Investment earnings under the product fund must be transferred to the fund created under Section [489.105](#). Notwithstanding any other provision of this subchapter, any money in the product fund may be used for debt service, bond redemption, or any costs associated with debt service or bond redemption.

(c) Repealed by Acts 2023, 88th Leg., R.S., Ch. 690 (H.B. [1515](#)), Sec. 16(5), eff. September 1, 2023.

Added by Acts 2003, 78th Leg., ch. 814, Sec. 2.01, eff. Sept. 1, 2003.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 1092 (H.B. [3578](#)), Sec. 2, eff. September 1, 2013.

Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. [3271](#)), Sec. 19, eff. June 18, 2021.

Acts 2023, 88th Leg., R.S., Ch. 690 (H.B. [1515](#)), Sec. 10, eff. September 1, 2023.

Acts 2023, 88th Leg., R.S., Ch. 690 (H.B. [1515](#)), Sec. 16(5), eff. September 1, 2023.

Sec. 489.212. SMALL BUSINESS INCUBATOR FUND. (a) The Texas small business incubator fund is a fund in the state treasury.

(b) The small business fund is composed of proceeds of bonds issued under this subchapter, financing application fees, loan repayments, guarantee fees, royalty receipts, dividend income, money appropriated by the legislature for authorized purposes of the small business fund, amounts received by the state from loans, loan guarantees, and equity investments made under this subchapter, amounts received by the state from federal grants or other sources, and any other amounts received under this subchapter and required by the bank to be deposited in the small business fund. The small business fund contains a project account, an interest and sinking account, and other accounts that the bank authorizes to be created and maintained. Money in the small business fund is available for use by the bank under this subchapter. Investment earnings under the small business fund must be transferred to the fund created under Section [489.105](#). Notwithstanding any other provision of this subchapter, any money in the small business fund may be used for debt service, bond redemption, or any costs associated with debt service or bond redemption.

(c) Repealed by Acts 2023, 88th Leg., R.S., Ch. 690 (H.B. [1515](#)), Sec. 16(5), eff. September 1, 2023.

Added by Acts 2003, 78th Leg., ch. 814, Sec. 2.01, eff. Sept. 1, 2003.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 1092 (H.B. [3578](#)), Sec. 3, eff. September 1, 2013.

Acts 2021, 87th Leg., R.S., Ch. 1004 (H.B. [3271](#)), Sec. 20, eff. June 18, 2021.

Acts 2023, 88th Leg., R.S., Ch. 690 (H.B. [1515](#)), Sec. 11, eff. September 1, 2023.

Acts 2023, 88th Leg., R.S., Ch. 690 (H.B. [1515](#)), Sec. 16(5),

eff. September 1, 2023.

Sec. 489.215. INFORMATION CONFIDENTIAL. (a) Information described by Subsection (b) collected, assembled, or maintained by or for the bank is confidential and may not be disclosed by the bank, the board, the office, or the executive director of the office.

(b) This section applies to information in any form provided by or on behalf of an applicant for financing or a recipient of financing under this subchapter, including information contained in, accompanying, or derived from any application or report, that relates to a product, to the development, application, manufacture, or use of a product, or to the markets, market prospects, or marketing of a product and that is proprietary information of actual or potential commercial value to the applicant or recipient that has not been disclosed to the public. Confidential information includes scientific and technological information, including computer programs and software, and marketing and business operation information, regardless of whether the product to which the information relates is patentable or capable of being registered under copyright or trademark laws or has a potential for being sold, traded, or licensed for a fee. This section does not make confidential information in an account, voucher, or contract relating to the receipt or expenditure of public funds by the bank, board, or the department or its successor under this subchapter. This section applies to any information collected in winding up the product development and small business incubator program investment portfolio under Subchapter D-1.

(c) Repealed by Acts 2023, 88th Leg., R.S., Ch. 690 (H.B. [1515](#)), Sec. 16(5), eff. September 1, 2023.

Added by Acts 2003, 78th Leg., ch. 814, Sec. 2.01, eff. Sept. 1, 2003.

Amended by:

Acts 2023, 88th Leg., R.S., Ch. 690 (H.B. [1515](#)), Sec. 12, eff. September 1, 2023.

Acts 2023, 88th Leg., R.S., Ch. 690 (H.B. [1515](#)), Sec. 16(5), eff. September 1, 2023.

SUBCHAPTER D-1. WINDING UP OF PRODUCT DEVELOPMENT AND SMALL
BUSINESS INCUBATOR PROGRAM

Sec. 489.221. MANAGEMENT OF INVESTMENT PORTFOLIO; WINDING UP AND FINAL LIQUIDATION. (a) In this section, "product development and small business incubator program investment portfolio" means:

(1) the equity positions in the form of stock or other security the bank took, on behalf of the state, in companies that received financing under the product development and small business incubator program; and

(2) any other investments made by the bank, on behalf of the state, and associated assets in connection with financing made under the product development and small business incubator program.

(b) The bank shall manage and wind up the product development and small business incubator program investment portfolio, including revenues and associated assets from financing and defaults on financing, in a manner that, to the extent feasible, provides for the maximum return on the state's investment. In managing those investments and associated assets through procedures and subject to restrictions that the bank considers appropriate, the bank may acquire, exchange, sell, supervise, manage, or retain any kind of investment or associated assets 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 then prevailing pertinent to each investment or associated asset. The bank may recover its reasonable and necessary costs incurred in the management of the portfolio, including costs incurred in the retaining of professional or technical advisors, from the earnings on the investments in the portfolio.

(c) On completion of the winding up process under Subsection (b), the bank shall deposit any remaining investment earnings to the credit of the Texas economic development bank fund, as required under Sections [489.211](#) and [489.212](#).

(d) The bank has any power necessary to accomplish the purposes of this section.

Added by Acts 2023, 88th Leg., R.S., Ch. 690 (H.B. 1515), Sec. 13, eff. September 1, 2023.

SUBCHAPTER E. TEXAS SMALL AND RURAL COMMUNITY SUCCESS FUND

Sec. 489.251. DEFINITION. In this subchapter, "fund" means the Texas small and rural community success fund established by Section 489.252.

Added by Acts 2021, 87th Leg., R.S., Ch. 947 (S.B. 1465), Sec. 1, eff. June 18, 2021.

Sec. 489.252. TEXAS SMALL AND RURAL COMMUNITY SUCCESS FUND.

(a) The Texas small and rural community success fund is created as a trust fund held outside the state treasury by the comptroller as trustee. The comptroller shall hold money in the fund in escrow and in trust for and on behalf of the bank and the owners of bonds issued under Section 489.253.

(b) The fund consists of:

(1) proceeds from the issuance of bonds under Section 489.253;

(2) payments of principal and interest on loans made under this subchapter;

(3) loan origination fees imposed on loans made under this subchapter;

(4) investment earnings described by Subsection (e); and

(5) any other money received by the bank under this subchapter.

(c) The fund may be used only:

(1) to make loans to economic development corporations for eligible projects as authorized by Chapters 501, 504, and 505, Local Government Code;

(2) to pay the bank's necessary and reasonable costs of administering the program established by this subchapter, including the payment of letter of credit fees and credit rating

fees;

(3) to pay the principal of and interest on bonds issued under Section [489.253](#);

(4) to pay reasonable fees and other costs incurred by the bank in administering the fund; and

(5) for any other purpose authorized by this subchapter.

(d) The bank, in coordination with the comptroller, may provide for the establishment and maintenance of separate accounts or sub-accounts in the fund, including interest and sinking accounts, reserve accounts, program accounts, or other accounts. The accounts and sub-accounts must be kept and held in escrow and in trust as provided by Subsection (a).

(e) Pending use, the comptroller may invest and reinvest the money in the fund in investments authorized by law for state funds. Earnings on the investments shall be credited to the fund.

(f) The bank may use money in the fund for the purposes specified by and according to the procedures established by this subchapter. This state may take action with respect to the fund only as specified by this subchapter and only in accordance with the resolutions of the executive director of the office adopted under Section [489.253](#).

Added by Acts 2021, 87th Leg., R.S., Ch. 947 (S.B. [1465](#)), Sec. 1, eff. June 18, 2021.

Sec. 489.253. REVENUE-BASED BONDS AUTHORIZED. (a) The bank, the office, or the office's successor agency may provide for the issuance, sale, and retirement of bonds, including obligations in the form of commercial paper notes, to provide funding for economic development purposes as authorized by Section [52-a](#), Article III, Texas Constitution, and this subchapter.

(b) The bonds are special obligations of the bank and the principal of and interest on the bonds must be payable solely from the revenues derived by the bank under this subchapter, including loan repayments secured by a pledge of the local economic development sales and use tax revenues imposed by municipalities for the benefit of economic development corporations created under

Chapters 504 and 505, Local Government Code. The bonds do not constitute an indebtedness of this state, the office, or the bank in the meaning of the Texas Constitution or of any statutory limitation. The bonds do not constitute a pecuniary liability of this state, the office, or the bank or constitute a charge against the general credit of this state, the office, or the bank, or against the taxing power of this state. The limitations provided by this subsection must be stated plainly on the face of each bond.

(c) The executive director of the office by resolution may provide for the bonds to:

(1) be executed and delivered at any time in one or more series as a single issue or as several issues;

(2) be in any denomination and form, including registered uncertificated bonds not represented by written instruments and commonly known as book-entry obligations, the registration of ownership and transfer of which the bank shall provide for under a system of books and records maintained by a financial institution serving as trustee, paying agent, or bond registrar;

(3) be of a term authorized by the executive director, not to exceed 40 years from their date;

(4) be in coupon or registered form;

(5) be payable in installments and at a time or times not exceeding the term authorized by applicable law;

(6) be subject to terms of redemption;

(7) be payable at a place or places;

(8) bear no interest or bear interest at any rate or rates, fixed, variable, floating, or otherwise determined by the bank or determined under a contractual arrangement approved by the executive director, except that the maximum net effective interest rate, computed in accordance with Section 1204.005, on the bonds may not exceed a rate equal to the maximum annual interest rate established by Section 1204.006; and

(9) contain provisions not inconsistent with this subchapter.

(d) Bonds issued under this section are subject to review and approval by the attorney general in the same manner and with the

same effect as may be required by law, including Chapter [1202](#) or [1371](#), as applicable.

(e) This state pledges to and agrees with the owners of any bonds issued under this section that this state will not limit or alter the rights vested in the bank to fulfill the terms of any agreements made with an owner or in any way impair the rights and remedies of an owner until the bonds, together with any premium and the interest on the bonds, with interest on any unpaid premium or installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the owners, are fully met and discharged. The bank may include this pledge and agreement of this state in any agreement with the owners of the bonds.

Added by Acts 2021, 87th Leg., R.S., Ch. 947 (S.B. [1465](#)), Sec. 1, eff. June 18, 2021.

Sec. 489.254. BOND SALE AND ISSUANCE. (a) Bonds issued under Section [489.253](#) may be sold at public or private sale at a price and in a manner and from time to time as resolutions of the executive director of the office that authorize issuance of the bonds provide.

(b) From the proceeds of the sale of the bonds, the bank may pay expenses, premiums, and insurance premiums that the bank considers necessary or advantageous in connection with the authorization, sale, and issuance of the bonds.

(c) In connection with the issuance of its bonds, the bank may exercise the powers granted to the governing body of an issuer in connection with the issuance of obligations under Chapter [1371](#). However, any bonds issued in accordance with this subchapter and Chapter [1371](#) are not subject to the rating requirement for an obligation issued under Chapter [1371](#).

Added by Acts 2021, 87th Leg., R.S., Ch. 947 (S.B. [1465](#)), Sec. 1, eff. June 18, 2021.

Sec. 489.255. AGREEMENTS IN BONDS. (a) A resolution of the executive director of the office that authorizes bonds to be issued under Section [489.253](#) or a security agreement, including a related

indenture or trust indenture, may contain any agreements and provisions customarily contained in instruments securing bonds, including provisions respecting the fixing and collection of obligations, the creation and maintenance of special funds, and the rights and remedies available, in the event of default to the holders of the bonds or to the trustee under the security agreement, all as the bank considers advisable and consistent with this subchapter. However, in making such an agreement or provision, the bank may not incur:

(1) a pecuniary liability of this state, the office, or the bank; or

(2) a charge against the general credit of this state, the office, or the bank, or against the taxing powers of this state.

(b) The resolution of the executive director of the office authorizing the issuance of the bonds and a security agreement securing the bonds may provide that, in the event of default in payment of the principal of or interest on the bonds or in the performance of an agreement contained in the proceedings or security agreement, the payment and performance may be enforced as provided by Sections [403.055](#) and [403.0551](#), by mandamus, or by the appointment of a receiver in equity with power to charge and collect bonds and to apply revenues pledged according to the proceedings or the provisions of the security agreement. A security agreement may provide that, in the event of default in payment or the violation of an agreement contained in the security agreement, a trustee under the security agreement may enforce the bondholder's rights by mandamus or other proceedings at law or in equity to obtain any relief permitted by law, including the right to collect and receive any revenue used to secure the bonds.

(c) A breach of a resolution of the executive director of the office adopted under Section [489.253](#), a breach of an agreement made under this section, or a default under bonds issued under this subchapter does not constitute:

(1) a pecuniary liability of this state, the office, or the bank; or

(2) a charge against the general credit of this state, the office, or the bank, or against the taxing power of this state.

(d) The trustee or trustees under a security agreement or a depository specified by the security agreement may be any person that the bank designates, regardless of whether the person is a resident of this state or incorporated under the laws of the United States or any state.

Added by Acts 2021, 87th Leg., R.S., Ch. 947 (S.B. 1465), Sec. 1, eff. June 18, 2021.

Sec. 489.256. REFUNDING BONDS. (a) Bonds issued under Section 489.253 may be refunded by the bank by the issuance of the bank's refunding bonds in the amount that the bank considers necessary to refund the unpaid principal of the refunded bonds, together with any unpaid interest, premiums, expenses, and commissions required to be paid in connection with the refunded bonds. Refunding may be effected whether the refunded bonds have matured or are to mature later, either by sale of the refunding bonds or by exchange of the refunding bonds for the refunded bonds.

(b) A holder of refunded bonds may not be compelled to surrender the bonds for payment or exchange before the date on which the bonds are payable, or, if the bonds are called for redemption, before the date on which they are by their terms subject to redemption.

(c) Refunding bonds having a final maturity not to exceed that permitted for other bonds issued under Section 489.253 may be issued under the same terms and conditions provided by this subchapter for the issuance of bonds or may be issued in the manner provided by statute, including Chapters 1207 and 1371.

Added by Acts 2021, 87th Leg., R.S., Ch. 947 (S.B. 1465), Sec. 1, eff. June 18, 2021.

Sec. 489.257. USE OF BOND PROCEEDS. The proceeds from the sale of bonds issued under this subchapter may be applied only for a purpose for which the bonds were issued, except that:

(1) any secured interest received in the sale shall be applied to the payment of the principal of or interest on the bonds sold and, if a portion of the proceeds is not needed for a purpose for which the bonds were issued, that portion shall be applied to

the payment of the principal of or interest on the bonds; and

(2) any premium received in the sale of the bonds shall be applied in accordance with Section [1201.042\(d\)](#).

Added by Acts 2021, 87th Leg., R.S., Ch. 947 (S.B. [1465](#)), Sec. 1, eff. June 18, 2021.

Sec. 489.258. BONDS AS LEGAL INVESTMENTS FOR FIDUCIARIES AND OTHER PERSONS. (a) Bonds of the bank issued under this subchapter are securities in which all public officers and bodies of this state; municipalities; municipal subdivisions; insurance companies and associations and other persons carrying on an insurance business; banks, bankers, trust companies, savings and loan associations, investment companies, and other persons carrying on a banking business; administrators, guardians, executors, trustees, and other fiduciaries; and other persons authorized to invest in other obligations of this state may invest funds, including capital, in their control or belonging to them.

(b) Notwithstanding any other provision of law, the bonds of the bank issued under this subchapter are also securities that may be deposited with and received by public officers and bodies of this state and municipalities and municipal subdivisions for any purpose for which the deposit of other obligations of the state are authorized.

Added by Acts 2021, 87th Leg., R.S., Ch. 947 (S.B. [1465](#)), Sec. 1, eff. June 18, 2021.

Sec. 489.259. ADMINISTRATION OF FUND. The bank shall administer the fund. In administering the fund and this subchapter, 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; and

(2) impose charges and provide for reasonable penalties for delinquent payments or performance in connection with any transaction.

Added by Acts 2021, 87th Leg., R.S., Ch. 947 (S.B. [1465](#)), Sec. 1, eff. June 18, 2021.

SUBCHAPTER F. MICRO-BUSINESS DISASTER RECOVERY LOAN GUARANTEE
PROGRAM

Sec. 489.301. DEFINITIONS. In this subchapter:

(1) "Declared disaster" means a state of disaster declared by the governor under Chapter 418.

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

(3) "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.

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

(5) "Program" means the micro-business disaster recovery loan guarantee program.

Added by Acts 2021, 87th Leg., R.S., Ch. 947 (S.B. 1465), Sec. 1, eff. June 18, 2021.

Sec. 489.302. MICRO-BUSINESS DISASTER RECOVERY FUND.

(a) The micro-business disaster recovery fund is a dedicated account in the general revenue fund.

(b) The micro-business disaster recovery fund is composed of:

(1) money appropriated by the legislature for the implementation and administration of this subchapter;

(2) amounts received by the state from federal grants or other sources;

(3) interest earned on the investment of money in the micro-business disaster recovery fund;

(4) amounts transferred from the Texas economic development bank fund; and

(5) any other amounts received under this subchapter and required by the bank to be deposited in the micro-business disaster recovery fund.

(c) Money in the micro-business disaster recovery 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. 947 (S.B. 1465), Sec. 1, eff. June 18, 2021.

Sec. 489.303. POWERS OF BANK IN ADMINISTERING MICRO-BUSINESS DISASTER RECOVERY FUND. In administering the micro-business disaster recovery fund, the bank has the powers necessary to carry out the purposes of this subchapter, including the power to invest money at the bank's discretion in obligations determined proper by the bank.

Added by Acts 2021, 87th Leg., R.S., Ch. 947 (S.B. 1465), Sec. 1, eff. June 18, 2021.

Sec. 489.304. MICRO-BUSINESS DISASTER RECOVERY LOAN GUARANTEE PROGRAM. (a) The bank shall establish and administer a micro-business disaster recovery loan guarantee program in which money in the micro-business disaster recovery fund is used to guarantee loans made by participating financial institutions to micro-businesses that have suffered economic injury as a result of a declared disaster.

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

(c) To participate in the program, an eligible financial institution must enter into a participation agreement with the bank that sets out the terms and conditions under which loans made to micro-businesses recovering from a declared disaster will be guaranteed.

(d) To qualify for a loan guarantee under the program, a micro-business:

(1) must:

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

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

(2) may not:

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

(B) be a franchise, a national chain with operations in this state, a lobbying firm, or a private equity firm or backed by a private equity firm.

(e) A micro-business that receives a loan guarantee shall apply the loan to working capital or to the purchase, construction, or lease of capital assets damaged, reduced, or lost as a result of the declared disaster.

Added by Acts 2021, 87th Leg., R.S., Ch. 947 (S.B. 1465), Sec. 1, eff. June 18, 2021.

Sec. 489.305. RULEMAKING AUTHORITY. The executive director of the office shall adopt rules relating to the implementation of the program and any other rules necessary to accomplish the purposes of this subchapter.

Added by Acts 2021, 87th Leg., R.S., Ch. 947 (S.B. 1465), Sec. 1, eff. June 18, 2021.

Sec. 489.306. ANNUAL REPORT BY PARTICIPATING FINANCIAL INSTITUTION. A participating financial institution shall submit an annual report to the bank. The report must:

(1) provide information regarding outstanding loan guarantees, loan guarantee losses, and any other information on loan guarantees under the program the bank considers appropriate;

(2) state the total amount of loans that the bank has guaranteed under this subchapter;

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

(4) include information regarding the type and size of

micro-businesses with loan guarantees.

Added by Acts 2021, 87th Leg., R.S., Ch. 947 (S.B. [1465](#)), Sec. 1,
eff. June 18, 2021.