

BILL ANALYSIS

Senate Research Center
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S.B. 1017
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Business & Commerce
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The legislature created the Certified Capital Company Program (CAPCO) in 2001 to stimulate job creation through a venture capital program that was financially structured around the issuance of insurance premium tax credits. The CAPCO program is administered by the Texas Treasury Safekeeping Trust Company, a separate, stand-alone organization whose shareholder and director is the comptroller of public accounts of the State of Texas (comptroller).

In 2003 the legislature authorized \$200 million in insurance premium tax credits for Program One. The comptroller proposed and adopted rules for the program effective 2004. The legislature created Program Two in 2007, and authorized an additional \$200 million in insurance premium tax credits. As of today, all credits from Program One have vested. The Program Two credits are not completely vested, although they cannot be recaptured or forfeited.

Chapter 228 (Premium Tax Credit for Certain Investments) of the Insurance Code provides no mechanism for the termination of the relationship between CAPCO and the State of Texas once all the certified capital has been deployed.

S.B. 1017 allows the comptroller's office to release or decertify a CAPCO from the program upon their written request once all the certified capital has been deployed. Providing the comptroller with this statutory authority would provide the necessary closure to the administration of a CAPCO.

S.B. 1017 does not interfere with a CAPCO's ability to deploy the certified capital they have received in exchange for the ability to securitize insurance premium tax credits, nor does it prevent them from participating in any other state-sponsored economic development program.

As proposed, S.B. 1017 amends current law relating to the decertification of a certified capital company.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 228.302, Insurance Code, by adding Subsection (c-1) to authorize the comptroller of public accounts of the State of Texas (comptroller), notwithstanding any other provision of this section, to decertify a certified capital company if the comptroller receives a request in writing from the certified capital company stating that the certified capital company has made qualified investments in an amount cumulatively equal to 100 percent of the company's certified capital.

SECTION 2. Effective date: upon passage or September 1, 2015.