

CHAPTER 179

H.B. No. 809

An Act relating to the development of international commerce and to the creation of the Texas World Trade Council and the Texas World Trade Development Authority.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. SHORT TITLE. This Act may be cited as the “Texas World Trade Development Act.”

SECTION 2. LEGISLATIVE FINDING. (a) The legislature finds that:

(1) the economy of the state is in need of diversification to make it less dependent on the fortunes of a few industries and that increased involvement in international trade would encourage growth in local firms, resulting in more jobs, an improved state economy, and increased tax revenue for the state;

(2) the economy of the state and opportunities for employment within the state are increasingly dependent on the ability of businesses in the state to participate and compete in international markets;

(3) international trade has become a crucial part of economic development in many states and those states are already utilizing the resources of their state governments to stimulate, facilitate, and promote international trade;

(4) businesses in this state find it increasingly difficult to compete in international trade because of the aggressive government-supported financing programs of other states; and

(5) the expanding of international markets is essential to maintain a vigorous and growing economy and to provide adequate job opportunities for citizens of this state.

(b) It is the policy of this state, in the interest of promoting the general welfare of all of the people of the state, to increase job opportunities through stimulating the expansion of international markets for products and services from this state, especially those of small and medium-sized businesses, by creating the Texas World Trade Council and the Texas World Trade Development Authority to provide policy direction and financial assistance.

SECTION 3. DEFINITIONS. In this Act:

(1) “Authority” means the Texas World Trade Development Authority.

(2) “Board” means the board of directors of the authority.

- (3) "Bond" means an interest-bearing obligation.
- (4) "Council" means the Texas World Trade Council.

SECTION 4. TEXAS WORLD TRADE COUNCIL. (a) The Texas World Trade Council is created. The council is composed of the commissioner of agriculture, the chairman of the Texas Economic Development Commission, the chairman of the Texas Tourist Development Agency, the chairman of the Texas Coastal and Marine Council, and 11 members appointed by the governor with the advice and consent of the senate. Of the governor's appointees, one must be the owner or manager of a small business who has experience in exporting, two must be representatives of institutions of higher education having programs of education in international business, six must be persons of recognized ability and experience in an aspect of international commerce, such as trade, transportation, law, finance, agriculture, manufacturing, real estate, labor, maritime business, or port, airport, or trade zone management, one must be the chairman of the North Texas District Export Council of the United States Department of Commerce, and one must be the chairman of the South Texas District Export Council of the United States Department of Commerce. In making the appointments the governor shall ensure that all regions of the state are represented. A member not appointed to the council by the governor may designate a person to represent the member in council business.

(b) Members appointed to the council by the governor serve two-year terms expiring February 1 of each odd-numbered year.

(c) A council member serves without compensation for services on the board but is entitled to reimbursement for the necessary expenses reasonably incurred in council activities.

(d) The council shall elect a chairman and vice-chairman from the members appointed to the council by the governor.

(e) The council shall meet at least quarterly and shall hold special meetings at the call of the chairman.

(f) The executive director and staff of the Texas Economic Development Commission shall serve as the executive director and staff of the council unless the council determines that funds are available from other sources for staff support. Whenever possible and necessary to avoid duplication of services, the council may delegate its responsibilities to other state agencies.

(g) The Texas World Trade Council is subject to the Texas Sunset Act (Article 5429k, Vernon's Texas Civil Statutes). Unless continued in existence as provided by that Act, the council is abolished September 1, 1997.

SECTION 5. DUTIES AND FUNCTIONS. (a) The council shall coordinate with and direct the Texas Economic Development Commission concerning the international commerce of this state. The council shall use all resources available to it to enhance the international commerce of businesses in this state. Immediately after it is organized, the council shall review existing programs for the enhancement of international commerce being conducted by the state with a view toward making improvements and augmenting the economic development of this state. The personnel of the Texas Economic Development Commission shall assist the council in carrying out its functions.

(b) In carrying out its duties, the council may:

- (1) adopt rules to carry out the purposes of this Act;
- (2) conduct research and analysis relating to:
 - (A) foreign commerce;
 - (B) the manner in which business is conducted in foreign marketplaces;
 - (C) methods of stimulating reverse investment;
 - (D) international tourism; and
 - (E) governmental incentives and disincentives to foreign trade activity in this state;
- (3) accept inquiries from foreign businesses and governments and introduce the inquiring businesses or governments to the appropriate association or state businesses;
- (4) cooperate with other state agencies, private businesses, the federal government, and individuals in developing marketing programs and disseminating information about the state economy and the opportunities for and advantages of doing business in this state;
- (5) represent the interests of state businesses engaged in foreign trade and aid others representing those interests through trade delegations, missions, marts, seminars, and other appropriate promotional methods;
- (6) recruit foreign capital investment and encourage foreign business development in the state;
- (7) encourage travel from foreign countries;
- (8) seek funding of the council programs and activities from federal, state, local, and private sources;

(9) accept gifts, grants, or loans from and enter into transactions with a federal or state agency, municipality, private organization, or other entity;

(10) develop an electronic data base to compile international trade information lists, research, and information about opportunities, and connect this data base with appropriate worldwide communications networks;

(11) assist institutions of elementary, secondary, and higher education to develop and expand programs of education in international commerce, geography, and language;

(12) periodically study and report on the effect of state tax laws on international trade activity in this state;

(13) encourage the development of programs by which experienced executives from private businesses volunteer their services to the state to aid the development of foreign commerce;

(14) collect and distribute to foreign commercial libraries directories, catalogs, brochures, and other information of value to foreign businesses considering doing business in this state;

(15) provide speakers bureau services for civic organizations and other private groups in the state;

(16) develop programs of mutual assistance between banks, shipping agents, combination export managers, freight forwarders, international consultants, ports, and other trade intermediaries of this state;

(17) encourage and assist expansion of international trade activities of chambers of commerce, development commissions, trade associations, ports, and similar organizations in the state;

(18) establish an export finance awareness program to provide information to banking organizations about methods used by banks to provide financing for businesses engaged in exporting and about other state and federal programs to promote and expedite export financing;

(19) provide businesses with counseling and management programs, technical assistance, advice, and information relating to development of export opportunities and programs;

(20) promote export trading companies;

(21) cooperate with related federal agencies as necessary;

(22) impose reasonable fees for its services and publications; and

(23) do other things the council considers necessary to carry out the purposes of this Act.

(c) The council shall perform all its functions in conformity with the constitution and laws of the United States, including treaties and agreements to which the United States is a party.

SECTION 6. HONORARY COMMERCIAL ATTACHE PROGRAM. The council may develop a network of foreign nationals who have worked or attended school in this state to serve as contacts between state and foreign businesses and investors.

SECTION 7. CONFIDENTIALITY. Information collected by the council concerning the identity, background, finance, marketing plans, trade secrets, or other commercially sensitive information of an individual, association, or corporation is confidential, unless the individual, association, or corporation consents to disclosure of the information.

SECTION 8. INTERNATIONAL TRADE PLAN. Before January 1, 1987, the council shall submit to the governor, lieutenant governor, and speaker of the house of representatives a plan for fostering the development of international trade and the enhancement of the economic growth and development in this state. The council shall update the report every two years and submit a report of the changes to the governor, lieutenant governor, and speaker of the house of representatives.

SECTION 9. TEXAS WORLD TRADE DEVELOPMENT AUTHORITY. (a) The Texas World Trade Development Authority is created. The purposes of the authority are to:

(1) assist, promote, encourage, develop, and advance economic prosperity and employment throughout this state by fostering the expansion of exports of manufactured goods and services to foreign purchasers;

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

(3) establish a source of funding loans, particularly to small and medium-sized businesses, to support export development; and

(4) provide financial counseling to potential and existing exporters.

(b) The Texas World Trade Development Authority is subject to the Texas Sunset Act (Article 5429k, Vernon's Texas Civil Statutes). Unless continued in existence as provided by that Act, the authority is abolished September 1, 1997.

(c) The authority is a public authority and body politic and corporate. The exercise by the authority of all powers and duties conferred by this Act shall constitute and be deemed and held

to be an essential public purpose of the state in promoting the general welfare of the state and all of its citizens.

SECTION 10. BOARD OF DIRECTORS. (a) The authority is governed by a board of directors consisting of the chairman of the council and eight members appointed by the governor with the advice and consent of the senate. The chairman of the council shall serve as the chairman of the authority.

(b) The directors annually shall elect one director as secretary and one as treasurer. The board may elect other officers that it considers proper. An appointment to fill a vacancy of an appointed director shall be made in the same manner as an original appointment.

(c) Each appointed director must be a person of recognized ability and experience in the area of finance, international trade, business management, or economics. An appointed director must be a resident of this state. Appointed directors serve two-year terms expiring February 1 of each even-numbered year.

(d) Before taking office a director shall take and subscribe the oath required by the Texas Constitution. A record of the oath shall be filed in the office of the secretary of state.

(e) A director is not entitled to compensation for services as a director, but is entitled to reimbursement for necessary expenses reasonably incurred in connection with the performance of those duties.

(f) Five directors constitute a quorum and the affirmative vote of the majority of directors present at a meeting of the board is necessary for an action of the board, except that the affirmative vote of at least five directors is required for the approval of a resolution authorizing the issuance of bonds.

(g) A vacancy in the membership of the board does not impair the right of a quorum to exercise the rights and perform the duties of the board. An action taken by the board may be authorized by resolution at a regular or special meeting and takes effect on the date that the chairman certifies the action by signing the resolution, unless another date is provided by the resolution.

(h) The board may delegate to one or more of its members or to an official, agent, or employee of the board the powers and duties it considers proper.

(i) The executive director of the Texas Economic Development Commission shall serve as the executive director of the authority unless the council determines that funds are available from other sources for staff support.

SECTION 11. GENERAL POWERS OF AUTHORITY. The authority has the powers of a body politic and corporate that are necessary and convenient to accomplish the purposes of this Act, including the power to:

(1) borrow money and otherwise incur debt and to issue bonds, debentures, notes, or other evidences of indebtedness, whether secured or unsecured, for this debt;

(2) purchase, discount, sell, and negotiate, with or without guaranty notes, other evidences of indebtedness;

(3) sell securities;

(4) procure insurance to guarantee, insure, coinsure, and reinsure against political and commercial risk of loss, and other insurance that the authority considers necessary;

(5) provide financial counseling services to businesses of this state;

(6) procure insurance to secure the payment of principal and interest on bonds, notes, or other obligations of the authority;

(7) accept gifts, grants, or loans from and enter into contracts or other transactions with a federal or state agency, municipality, private organization, or other entity;

(8) adopt, amend, or rescind bylaws and rules necessary or convenient for the performance of its functions, powers, and duties under this Act;

(9) sue and be sued;

(10) purchase, receive, take, lease, or otherwise acquire, own, hold, improve, employ, use, or deal in and with property or an interest in property;

(11) sell, convey, lease, exchange, transfer, or otherwise dispose of all or part of its property or an interest in its property;

(12) adopt and use a seal; and

(13) exercise all other powers and functions necessary or appropriate to carry out the duties and purposes provided by this Act.

SECTION 12. STIMULATION AND FACILITATION OF FUNDING FOR TEXAS EXPORTS. (a) The authority may provide funding for an eligible export loan through a participating banking organization in accordance with this section.

(b) An eligible export loan is a loan from the authority to a participating banking organization located within this state to finance an international pre-export or export from the state that, in the judgment of the authority, will create or maintain employment in the state, and contain at least 25 percent of the value of manufactured goods or services whose final manufacturing process occurs in the state; or involves the export or pre-export preparation of Texas agricultural products or livestock. An eligible export loan may include a pool of individual exports, all of which, in the judgment of the authority, meet these conditions.

(c) The authority may procure insurance to guarantee, insure, coinsure, or reinsure it against commercial and political risk of loss on an eligible export loan, including, without limitation, loss because of:

(1) the failure of the buyer to pay to the exporter when due all or part of the gross invoice value, as denominated in United States currency, of an eligible export loan due to the insolvency of the buyer or some other reason; or

(2) dollar transfer delays, war, riot, revolution, export license revocation, diversion of goods, or similar politically related incidents occurring in the buyer's country.

(d) A participating banking organization may be any organization covered by the banking laws of this state, any agency or branch of a foreign banking corporation licensed by the Texas banking commissioner, or any national bank, federal savings and loan association, or federal credit union located in this state that has been approved by the board to participate in an eligible export loan. The authority may charge reasonable fees for providing an eligible export loan.

(e) As a condition to making an eligible export loan, the participating banking organization shall agree to make such investigation as it deems necessary to determine the exporter's viability, the economic benefits to be derived, the prospects for repayment, and other facts that it considers necessary to determine whether the eligible export loan is consistent with the purposes of this Act.

(f) The authority may further condition the provision of an eligible export loan on terms and conditions that it considers desirable to carry out the purposes of this Act; provided that the authority shall charge such rate or rates of interest and shall fix such repayment schedule on its eligible export loans as it deems necessary in order to enable it to pay its operating costs and the debt service on its bonds. The authority may also establish the terms on which a participating banking organization may lend the proceeds of an eligible export loan to exporters.

(g) The authority shall establish a procedure to ensure prompt review of eligible export loans and shall establish conditions under which review and approval of these transactions may be delegated to participating banking organizations or to insurers or guarantors of the authority's bonds or eligible export loans.

SECTION 13. ANNUAL REPORT AND AUDITS. On January 1 of each year the authority shall report on its operations for the preceding fiscal year to the council. The report must include a summary of the activities of the authority and a complete operating and financial statement. The accounts of the authority are subject to annual audits by the state auditor.

SECTION 14. POWERS TO BE INTERPRETED BROADLY. The powers of the authority enumerated in this Act shall be interpreted broadly to effect the purposes of this Act and may not be construed as a limitation of powers.

SECTION 15. TAX EXEMPTION; EXEMPT SECURITIES. (a) The authority is exempt from franchise, corporate, business, and all other taxes levied by this state, except that this section does not exempt from any taxes a person receiving an eligible export loan.

(b) Any bonds issued by the authority under the provisions of this Act and coupons, if any, representing interest thereon, shall be exempt securities under The Securities Act (Article 581-1 et seq., Vernon's Texas Civil Statutes). If, however, any bonds issued by the authority under this Act are secured by an agreement by a participating banking organization to pay amounts sufficient to pay the principal of, redemption premium, if any, and interest on such bonds, notwithstanding that such bonds shall be exempt securities, such an agreement shall be deemed to be a separate security issued by such participating banking organization, and not by the authority, to the purchasers of such bonds for purposes of The Securities Act and shall be exempt from the provisions of such act only (1) if such security is an exempt security pursuant to the terms of such act or (2) if such bonds or the payments to be made under such agreement are guaranteed by any person and such guarantee is an exempt security pursuant to the terms of such act.

SECTION 16. CONFLICTS OF INTEREST. (a) A director, or an officer, agent, or employee of the authority, in his or her own name or in the name of a nominee, may not hold an ownership interest of more than 7-1/2 percent or in excess of \$50,000 of the fair market value of an association, trust, corporation, partnership, or other entity that is, in its own name or in the name of a nominee, a party to a contract or agreement on which the director, officer, agent, or employee may be called on to act or vote.

(b) With respect to a direct or indirect interest, other than an interest prohibited by Subsection (a) of this section, in a contract or agreement on which the director, officer, agent, or employee may be called on to act or vote, the director, officer, agent, or employee shall disclose the interest to the secretary of the authority before the taking of final action by the authority concerning the contract or agreement, and shall disclose the nature and extent of the interest and his or her acquisition of it. This disclosure shall be publicly acknowledged by the authority and entered in its minutes. A director, officer, agent, or employee who holds such an interest may not be officially involved in regard to the contract or agreement, may not vote on a matter relating to the contract or agreement, and may not communicate with other directors, or officers, agents, or employees, concerning the contract or agreement. Notwithstanding any other provision of law, a contract or agreement entered into in conformity with this subsection is not void or invalid because of an interest described by this subsection, nor is a person who complies with this subsection guilty of an offense, and the person may not be removed from office or be subjected to other penalty because of the interest.

(c) A contract or agreement made in violation of this section is void and does not create an action against the authority.

SECTION 17. PERSONAL LIABILITY OF MEMBERS OR PERSONS ACTING ON BEHALF OF THE AUTHORITY. (a) A director or other person acting on behalf of the authority in executing a contract, commitment, or agreement under this Act is not personally liable on the contract, commitment, or agreement.

(b) A director or other person acting on behalf of the authority is not personally liable for damage or injury resulting from the performance of duties under this Act.

SECTION 18. FINANCING OF THE AUTHORITY; BONDS PAYABLE SOLELY FROM REVENUES; BONDS NOT STATE DEBT; EXECUTION, FORM, DELIVERY, CONDITIONS, AND SALE OF BONDS. (a) The authority may issue, sell, and provide for the retirement of bonds to provide funds for the creation and operation of the council and the authority. The bonds shall be limited obligations of the authority, the principal of and interest on which shall be payable solely from the revenues derived by the authority. The bonds may not constitute an indebtedness of this state or the authority within the meaning of any state constitutional provision or statutory limitation, but the bonds shall be an indebtedness payable solely from a revenue-producing source or from a special source that does not include revenues from a tax or license. The bonds may not constitute or give rise to a pecuniary liability of the state or the authority or a charge against the general credit of the authority or the state or taxing powers of the state. These limitations shall be plainly stated on the face of each bond. The bonds may be executed and delivered at any time as a single issue or from time to time as several issues; may be in a form and denominations; may be of a tenor; may be in coupon or registered form; may be payable in installments and at a time or times not exceeding five years from their date; may be subject to terms of redemption; may be payable at a place or places; may bear interest at the rate or rates payable at the place or places and evidenced in the manner; and may contain provisions not inconsistent with this Act, as provided by the resolution of the authority authorizing the bonds. The bonds may be sold at public or private sale at a price and in a manner and from time to time as the authority determines to be most advantageous. The authority may pay from the proceeds of the bonds expenses, premiums, insurance premiums, and commissions that the authority considers necessary or advantageous in connection with the authorization, sale, and issuance of the bonds.

(b) The resolution under which the bonds are authorized to be issued 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 bondholders or to the trustee under the security agreement, all as the authority considers advisable and consistent with this Act. However, in making such an agreement or provision, the authority may not obligate itself except with respect to eligible export loans and may not incur a pecuniary liability or a charge on the general credit of the authority or this state or against the taxing powers of this state. The resolution of the authority authorizing 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 by mandamus or by the appointment of a receiver in equity with power to charge and collect obligations 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 it may be foreclosed by proceedings at law or in equity, and that a trustee under the security agreement or the holder of a bond it secures may become the purchaser at a foreclosure

sale, if the trustee or holder is the highest bidder. A breach of the agreement does not impose pecuniary liability on the state or the authority or any charge on the general credit of the authority or the state or against the taxing power of the state. The trustee or trustees under a security agreement, or a depository specified by the security agreement, may be any persons or corporations that the authority designates, regardless of whether they are residents of this state or incorporated under the laws of the United States or any state.

(c) The bonds may be refunded by the authority, by the issuance of its refunding bonds in the amount that the authority considers necessary, but not exceeding an amount sufficient to refund the principal of the bonds to be refunded, together with any unpaid interest, premiums, expenses, and commissions required to be paid in connection with the bonds. Refunding may be effected whether the bonds to be refunded have matured or are to mature later, either by sale of the refunding bonds or by exchange of the refunding bonds for the bonds to be refunded. The holders of bonds to be refunded may not be compelled without their consent to surrender their 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. Refunding bonds shall be payable in the same manner and under the same terms and conditions as are provided by this Act for the issuance of bonds.

(d) The proceeds from the sale of bonds issued under this section shall be applied only for the purpose for which the bonds were issued, except that any premium or 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 are not needed for the purpose for which the bonds were issued, that portion shall be applied to the payment of the principal of or interest on the bonds.

(e) The proceeds from the sale of the bonds shall be kept in a separate fund to be known as the world trade development bond fund. All other money received by the authority shall also be deposited in this fund. The treasurer may, with the approval of the board of directors of the authority, invest and reinvest the money in the fund in obligations of the United States or other governmental or corporate issuers that the treasurer, with the approval of the board of directors of the authority, considers appropriate. Earnings on these investments shall be added to the fund. The authority is authorized to use money deposited in the fund for the purposes specified in and according to the procedures established by this Act.

(f) The world trade development bond fund may contain separate accounts, and each account may be restricted or pledged to a specific purpose.

(g) The net effective interest rate, calculated in accordance with Chapter 3, Acts of the 61st Legislature, Regular Session, 1969 (Article 717k-2, Vernon's Texas Civil Statutes), on any bonds issued by the authority may not exceed a rate equal to the maximum annual interest rate established for business loans of \$250,000 or more in this state.

SECTION 19. TAX EXEMPTION. The bonds and the income from the bonds are exempt from taxation in this state, except for inheritance, estate, or transfer taxes.

SECTION 20. OBLIGATIONS AS LEGAL INVESTMENTS FOR FIDUCIARIES. Bonds, debentures, notes, or other evidences of indebtedness of the authority are securities in which public officers and bodies of this state; municipalities; municipal subdivisions; insurance companies, 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; all administrators, guardians, executors, trustees, and other fiduciaries; and all other persons authorized to invest in bonds or other obligations of the state may invest funds, including capital, in their control or belonging to them. Notwithstanding any other provision of law, the bonds, debentures, notes, or other evidences of indebtedness of the authority are also securities that may be deposited with and received by public officers and bodies of the state and municipalities and municipal subdivisions for any purpose for which the deposit of bonds or other obligations of the state are authorized.

SECTION 21. EXEMPTION FROM DISCLOSURES OF CONFIDENTIAL INFORMATION. Information submitted to or compiled by the authority, in connection with the authority's responsibilities, relating to the identity, background, finance, marketing plans, trade secrets, or other commercially sensitive information of an individual, firm, association, partnership, agency, corporation, or other entity, is confidential, except to the extent that the individual or entity that provided the information consents to disclosure.

SECTION 22. APPOINTMENTS AND ORGANIZATIONAL MEETING OF AUTHORITY. (a) The governor shall make the initial appointments to the authority not later than the 90th day after the effective date of this section.

(b) The chairman of the council shall call an organizational meeting of the authority to take place not later than the 30th day after the day on which the governor completes the initial appointments to the authority.

SECTION 23. INITIAL APPOINTMENTS AND ORGANIZATIONAL MEETING OF COUNCIL. (a) The governor shall make the initial appointments to the Texas World Trade Council not later than the 90th day after the effective date of this section.

(b) The chairman of the Texas Economic Development Commission shall call an organizational meeting of the council to take place not later than the 30th day after the day on which the governor completes the initial appointments to the council. The council shall elect its chairman at that meeting.

SECTION 24. EFFECTIVE DATE. This Act takes effect September 1, 1985.

SECTION 25. EMERGENCY. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed by the House on April 17, 1985, by a non-record vote; House concurred in Senate amendments to H.B. No. 809 on May 17, 1985, by a non-record vote; passed by the Senate, with amendments, on May 15, 1985, by a viva-voce vote.

Approved: May 24, 1985

Effective: September 1, 1985