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H.B. No. 1515

A BILL TO BE ENTITLED

AN ACT

relating to the continuation and functions of the Texas Economic
Development and Tourism Office.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 481.003, Government Code, is amended to
read as follows:

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, 2035 [~~2023~~].

SECTION 2. Section 481.0066(d), Government Code, is amended
to read as follows:

(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;

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

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

7 (A) increase investment in aerospace and
8 aviation activities;

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

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

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

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

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

27 (5) [~~(6)~~] act as a liaison with other state and

1 federal entities with related economic, educational, and defense
2 responsibilities to support the marketing of the state's aerospace
3 and aviation capabilities;

4 (6) [~~(7)~~] provide technical support and expertise to
5 the state and to local spaceport authorities regarding aerospace
6 and aviation business matters; and

7 (7) [~~(8)~~] be responsible for the promotion and
8 development of spaceports in this state.

9 SECTION 3. Section [481.00681](#), Government Code, is amended
10 by adding Subsection (i) to read as follows:

11 (i) Chapter [2110](#) does not apply to the size, composition, or
12 duration of the task force.

13 SECTION 4. Subchapter B, Chapter [481](#), Government Code, is
14 amended by adding Section 481.0211 to read as follows:

15 Sec. 481.0211. ADVISORY COMMITTEES. (a) The office by rule
16 may establish advisory committees to make recommendations to the
17 office on programs, rules, and policies administered by the office.

18 (b) In establishing an advisory committee under this
19 section, the office shall adopt rules, including rules regarding:

20 (1) the purpose, role, responsibility, goals, and
21 duration of the committee;

22 (2) the size of and quorum requirement for the
23 committee;

24 (3) qualifications for committee membership;

25 (4) appointment procedures for members;

26 (5) terms of service for members;

27 (6) training requirements for members;

1 (7) policies to avoid conflicts of interest by
2 committee members;

3 (8) a periodic review process to evaluate the
4 continuing need for the committee; and

5 (9) policies to ensure the committee does not violate
6 any provisions of Chapter 551 applicable to the office or the
7 committee.

8 (c) When the office establishes an advisory committee to
9 make recommendations with regard to the aerospace and aviation
10 industry, the governor shall appoint members of the committee.

11 SECTION 5. Section 481.022, Government Code, is amended to
12 read as follows:

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

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

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

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

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

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

26 (6) establish a statewide strategy to address economic
27 growth and quality of life issues, a component of which is based on

1 the identification and development of industry clusters; and
2 (7) develop a plan to engage with stakeholders to
3 gather input and solicit feedback on the development of rules
4 promulgated by the office related to lending programs, including
5 participant selection, requirements for borrowers, terms of loans,
6 requirements for disbursement of funds, and other aspects of
7 program administration.

8 SECTION 6. Section 481.172, Government Code, is amended by
9 amending Subsection (b) and adding Subsection (b-1) to read as
10 follows:

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

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

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

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

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

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

24 (B) a biennial plan of action for the agency's
25 proposed tourism activities [~~not later than June 1 of each year,~~]
26 that includes:

27 (i) priorities identified by the agency

1 that must include marketing, product development, and program
2 development;

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

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

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

12 (3) direct the development of a biennial [~~an annual~~]
13 strategic tourism plan, including a marketing plan, to increase
14 travel to this state, that:

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

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

23 (C) is developed not later than December
24 [~~September~~] 1 of each even-numbered year; and

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

27 (b-1) The office may, using the input of each agency that is

1 a party to a memorandum of understanding under Subsection (a)(8),
2 establish procedures for the submission of the plan required under
3 Subsection (b)(2)(B).

4 SECTION 7. Section 481.406, Government Code, is amended by
5 adding Subsection (d) to read as follows:

6 (d) The office shall by rule develop:

7 (1) procedures for disbursement of money to borrowers
8 and lending partners for access to capital programs; and

9 (2) documentation and recovery effort requirements of
10 a participating partner for a claim against a reserve account.

11 SECTION 8. Section 489.105(b), Government Code, is amended
12 to read as follows:

13 (b) The fund consists of:

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

16 (2) ~~[investment earnings under the original capital~~
17 ~~access fund established under Section 481.402,~~

18 ~~[(3)]~~ fees charged under Subchapter BB, Chapter 481;

19 (3) [(4)] interest earned on the investment of money
20 in the fund;

21 (4) [(5)] fees charged under this chapter;

22 (5) [(6)] investment earnings from the programs
23 administered by the bank;

24 (6) [(7)] amounts transferred under Section
25 2303.504(b) ~~[, as amended by Article 2, Chapter 1134, Acts of the~~
26 ~~77th Legislature, Regular Session, 2001]~~;

27 (7) [(8)] investment earnings under the Texas product

1 development fund under Section 489.211;

2 (8) [~~(9)~~] investment earnings under the Texas small
3 business incubator fund under Section 489.212; and

4 (9) [~~(10)~~] any other amounts received by the state
5 under this chapter.

6 SECTION 9. Section 489.107, Government Code, is amended to
7 read as follows:

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

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

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

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

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

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

21 (5) the number of outstanding loans and designations;

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

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

27 (8) any challenges in administering each program,

1 including any proposals for statutory changes that would address
2 the challenges.

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

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

10 SECTION 10. Sections 489.211(a) and (b), Government Code,
11 are amended to read as follows:

12 (a) The Texas product development fund is a [~~revolving~~] fund
13 in the state treasury.

14 (b) The product fund is composed of proceeds of bonds issued
15 under this subchapter, financing application fees, loan
16 repayments, guarantee fees, royalty receipts, dividend income,
17 money appropriated by the legislature for authorized purposes of
18 the product fund, amounts received by the state from loans, loan
19 guarantees, and equity investments made under this subchapter,
20 amounts received by the state from federal grants or other sources,
21 [~~amounts transferred from the original capital access fund under~~
22 ~~Section 481.415,~~] and any other amounts received under this
23 subchapter and required by the bank to be deposited in the product
24 fund. The product fund contains a program account, an interest and
25 sinking account, and other accounts that the bank authorizes to be
26 created and maintained. Money in the product fund is available for
27 use by the bank [~~board~~] under this subchapter. Investment earnings

1 under the product fund must be transferred to the fund created under
2 Section 489.105. Notwithstanding any other provision of this
3 subchapter, any money in the product fund may be used for debt
4 service, bond redemption, or any costs associated with debt service
5 or bond redemption.

6 SECTION 11. Sections 489.212(a) and (b), Government Code,
7 are amended to read as follows:

8 (a) The Texas small business incubator fund is a [~~revolving~~]
9 fund in the state treasury.

10 (b) The small business fund is composed of proceeds of bonds
11 issued under this subchapter, financing application fees, loan
12 repayments, guarantee fees, royalty receipts, dividend income,
13 money appropriated by the legislature for authorized purposes of
14 the small business fund, amounts received by the state from loans,
15 loan guarantees, and equity investments made under this subchapter,
16 amounts received by the state from federal grants or other sources,
17 [~~amounts transferred from the original capital access fund under~~
18 ~~Section 481.415,~~] and any other amounts received under this
19 subchapter and required by the bank to be deposited in the small
20 business fund. The small business fund contains a project account,
21 an interest and sinking account, and other accounts that the bank
22 authorizes to be created and maintained. Money in the small
23 business fund is available for use by the bank [~~board~~] under this
24 subchapter. Investment earnings under the small business fund
25 must be transferred to the fund created under Section
26 489.105. Notwithstanding any other provision of this subchapter,
27 any money in the small business fund may be used for debt service,

1 bond redemption, or any costs associated with debt service or bond
2 redemption.

3 SECTION 12. Section 489.215(b), Government Code, is amended
4 to read as follows:

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

26 SECTION 13. Chapter 489, Government Code, is amended by
27 adding Subchapter D-1 to read as follows:

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

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

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

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

15 (b) The bank shall manage and wind up the product
16 development and small business incubator program investment
17 portfolio, including revenues and associated assets from financing
18 and defaults on financing, in a manner that, to the extent feasible,
19 provides for the maximum return on the state's investment. In
20 managing those investments and associated assets through
21 procedures and subject to restrictions that the bank considers
22 appropriate, the bank may acquire, exchange, sell, supervise,
23 manage, or retain any kind of investment or associated assets that a
24 prudent investor, exercising reasonable care, skill, and caution,
25 would acquire or retain in light of the purposes, terms,
26 distribution requirements, and other circumstances then prevailing
27 pertinent to each investment or associated asset. The bank may

1 recover its reasonable and necessary costs incurred in the
2 management of the portfolio, including costs incurred in the
3 retaining of professional or technical advisors, from the earnings
4 on the investments in the portfolio.

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

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

11 SECTION 14. The following provisions of the Government Code
12 are repealed:

13 (1) Sections 481.0066(d-1), (d-2), (e), (e-1), and
14 (e-2);

15 (2) Section 481.401(6-a);

16 (3) Sections 481.406(b) and (c);

17 (4) Sections 481.402, 481.404, 481.405, 481.407,
18 481.408, 481.409, 481.410, 481.412(a), 481.415, 481.458, 481.609,
19 and 489.307; and

20 (5) Sections 489.201, 489.202, 489.203, 489.204,
21 489.205, 489.206, 489.207, 489.208, 489.209, 489.210, 489.211(c),
22 489.212(c), 489.213, 489.214, 489.215(c), 489.216, and 489.217.

23 SECTION 15. Not later than December 1, 2024, the Texas
24 Economic Development and Tourism Office shall submit the first
25 biennial strategic tourism plan required by Section 481.172(b)(3),
26 Government Code, as amended by this Act.

27 SECTION 16. A member of an advisory committee repealed by

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1 this Act may be reappointed to serve as a member of a new advisory
2 committee established under Section 481.0211, Government Code, as
3 added by this Act.

4 SECTION 17. This Act takes effect September 1, 2023.