

1-1 By: Clardy, et al. (Senate Sponsor - Springer) H.B. No. 1515
 1-2 (In the Senate - Received from the House April 17, 2023;
 1-3 April 19, 2023, read first time and referred to Committee on
 1-4 Natural Resources & Economic Development; May 15, 2023, reported
 1-5 adversely, with favorable Committee Substitute by the following
 1-6 vote: Yeas 7, Nays 0; May 15, 2023, sent to printer.)

1-7 COMMITTEE VOTE

| | Yea | Nay | Absent | PNV |
|------|-----|-----|--------|-----|
| 1-8 | | | | |
| 1-9 | X | | | |
| 1-10 | X | | | |
| 1-11 | X | | | |
| 1-12 | X | | | |
| 1-13 | X | | | |
| 1-14 | | | X | |
| 1-15 | X | | | |
| 1-16 | | | X | |
| 1-17 | X | | | |

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 1515 By: Zaffirini

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to the continuation and functions of and certain programs
 1-22 subject to rules adopted by the Texas Economic Development and
 1-23 Tourism Office.

1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-25 SECTION 1. Section 481.003, Government Code, is amended to
 1-26 read as follows:

1-27 Sec. 481.003. SUNSET PROVISION. The Texas Economic
 1-28 Development and Tourism Office is subject to Chapter 325 (Texas
 1-29 Sunset Act). Unless continued in existence as provided by that
 1-30 chapter, the office is abolished [~~and this chapter expires~~]
 1-31 September 1, 2035 [2023].

1-32 SECTION 2. Section 481.0066, Government Code, is amended by
 1-33 amending Subsection (d) and adding Subsection (f) to read as
 1-34 follows:

1-35 (d) The aerospace and aviation office shall:

1-36 (1) analyze space-related and aviation-related
 1-37 research currently conducted in this state and may conduct
 1-38 activities designed to further that research;

1-39 (2) analyze the state's economic position in the
 1-40 aerospace and aviation industries;

1-41 (3) develop short-term and long-term business
 1-42 strategies as part of an industry-specific strategic plan to
 1-43 promote the retention, development, and expansion of aerospace and
 1-44 aviation industry facilities in the state that is consistent with
 1-45 and complementary of the office strategic plan;

1-46 (4) [~~make specific recommendations to the legislature~~
 1-47 ~~and the governor regarding the promotion of those industries,~~

1-48 [~~(5)~~] as part of and to further the purposes of the
 1-49 industry-specific strategic plan described by Subdivision (3),
 1-50 develop short-term and long-term policy initiatives or recommend
 1-51 reforms the state may undertake or implement to:

1-52 (A) increase investment in aerospace and
 1-53 aviation activities;

1-54 (B) support the retention, development, and
 1-55 expansion of spaceports in this state;

1-56 (C) identify and encourage educational,
 1-57 economic, and defense-related opportunities for aerospace and
 1-58 aviation activities;

1-59 (D) determine the appropriate level of funding
 1-60 for the spaceport trust fund created under Section 481.0069 and

2-1 support ongoing projects that have been assisted by the fund,
 2-2 including recommending to the legislature an appropriate funding
 2-3 level for the fund;
 2-4 (E) partner with the Texas Higher Education
 2-5 Coordinating Board to foster technological advancement and
 2-6 economic development for spaceport activities by strengthening
 2-7 higher education programs and supporting aerospace activities; and
 2-8 (F) partner with the Texas Workforce Commission
 2-9 to support initiatives that address the high technology skills and
 2-10 staff resources needed to better promote the state's efforts in
 2-11 becoming the leading space exploration state in the nation;
 2-12 (5) ~~[(6)]~~ act as a liaison with other state and
 2-13 federal entities with related economic, educational, and defense
 2-14 responsibilities to support the marketing of the state's aerospace
 2-15 and aviation capabilities;
 2-16 (6) ~~[(7)]~~ provide technical support and expertise to
 2-17 the state and to local spaceport authorities regarding aerospace
 2-18 and aviation business matters; and
 2-19 (7) ~~[(8)]~~ be responsible for the promotion and
 2-20 development of spaceports in this state.
 2-21 (f) Chapter 2110 does not apply to the size, composition, or
 2-22 duration of the aerospace and aviation advisory committee.
 2-23 SECTION 3. Section 481.00681, Government Code, is amended
 2-24 by adding Subsection (i) to read as follows:
 2-25 (i) Chapter 2110 does not apply to the size, composition, or
 2-26 duration of the task force.
 2-27 SECTION 4. Subchapter B, Chapter 481, Government Code, is
 2-28 amended by adding Section 481.0211 to read as follows:
 2-29 Sec. 481.0211. ADVISORY COMMITTEES. (a) The office by rule
 2-30 may establish advisory committees to make recommendations to the
 2-31 office on programs, rules, and policies administered by the office.
 2-32 (b) In establishing an advisory committee under this
 2-33 section, the office shall adopt rules, including rules regarding:
 2-34 (1) the purpose, role, responsibility, goals, and
 2-35 duration of the committee;
 2-36 (2) the size of and quorum requirement for the
 2-37 committee;
 2-38 (3) qualifications for committee membership;
 2-39 (4) appointment procedures for members;
 2-40 (5) terms of service for members;
 2-41 (6) training requirements for members;
 2-42 (7) policies to avoid conflicts of interest by
 2-43 committee members;
 2-44 (8) a periodic review process to evaluate the
 2-45 continuing need for the committee; and
 2-46 (9) policies to ensure the committee does not violate
 2-47 any provisions of Chapter 551 applicable to the office or the
 2-48 committee.
 2-49 SECTION 5. Section 481.022, Government Code, is amended to
 2-50 read as follows:
 2-51 Sec. 481.022. GENERAL DUTIES OF OFFICE. The office shall:
 2-52 (1) market and promote the state as a premier business
 2-53 location and tourist destination;
 2-54 (2) facilitate the location, expansion, and retention
 2-55 of domestic and international business investment to the state;
 2-56 (3) promote and administer business and community
 2-57 economic development programs and services in the state, including
 2-58 business incentive programs;
 2-59 (4) provide to businesses and communities in the state
 2-60 assistance with exporting products and services to international
 2-61 markets;
 2-62 (5) serve as a central source of economic research and
 2-63 information; ~~and~~
 2-64 (6) establish a statewide strategy to address economic
 2-65 growth and quality of life issues, a component of which is based on
 2-66 the identification and development of industry clusters; and
 2-67 (7) develop a plan to engage with stakeholders to
 2-68 gather input and solicit feedback on the development of rules
 2-69 promulgated by the office related to lending programs, including

3-1 participant selection, requirements for borrowers, terms of loans,
3-2 requirements for disbursement of funds, and other aspects of
3-3 program administration.

3-4 SECTION 6. Section 481.172, Government Code, is amended by
3-5 amending Subsection (b) and adding Subsection (b-1) to read as
3-6 follows:

3-7 (b) A memorandum of understanding entered into under
3-8 Subsection (a)(8) shall provide that the office may:

3-9 (1) strategically direct and redirect each agency's
3-10 tourism priorities and activities to:

3-11 (A) most effectively meet consumer demands and
3-12 emerging travel trends, as established by the latest market
3-13 research; and

3-14 (B) minimize duplication of efforts and realize
3-15 cost savings through economies of scale;

3-16 (2) require each agency to submit to the office for
3-17 advance approval:

3-18 (A) resources, activities, and materials related
3-19 to the promotion of tourism proposed to be provided by the agency;

3-20 (B) a biennial plan of action for the agency's
3-21 proposed tourism activities [~~not later than June 1 of each year,~~]
3-22 that includes:

3-23 (i) priorities identified by the agency
3-24 that must include marketing, product development, and program
3-25 development;

3-26 (ii) the agency's proposed budget for
3-27 tourism activities; and

3-28 (iii) measurable goals and objectives of
3-29 the agency related to the promotion of tourism; and

3-30 (C) any proposed marketing message, material,
3-31 logo, slogan, or other communication to be used by the agency in its
3-32 tourism-related efforts, to assist the office in coordinating
3-33 tourism-related efforts conducted in this state by the agency and
3-34 the office and conducted outside of this state by the office;

3-35 (3) direct the development of a biennial [~~an annual~~]
3-36 strategic tourism plan, including a marketing plan, to increase
3-37 travel to this state, that:

3-38 (A) provides the most effective and efficient
3-39 expenditure of state funds for in-state marketing activities
3-40 conducted by the agencies and encouraged by the office and
3-41 out-of-state marketing activities conducted by the office;

3-42 (B) establishes goals, objectives, and
3-43 performance measures, including the measurement of the return on
3-44 the investment made by an agency or the office, for the
3-45 tourism-related efforts of all state agencies; and

3-46 (C) is developed not later than December
3-47 [~~September~~] 1 of each even-numbered year; and

3-48 (4) direct the agencies to share costs related to
3-49 administrative support for the state's tourism activities.

3-50 (b-1) The office may, using the input of each agency that is
3-51 a party to a memorandum of understanding under Subsection (a)(8),
3-52 establish procedures for the submission of the plan required under
3-53 Subsection (b)(2)(B).

3-54 SECTION 7. Section 481.406, Government Code, is amended by
3-55 adding Subsection (d) to read as follows:

3-56 (d) The office shall by rule develop:

3-57 (1) procedures for disbursement of money to borrowers
3-58 and lending partners for access to capital programs; and

3-59 (2) documentation and recovery effort requirements of
3-60 a participating partner for a claim against a reserve account.

3-61 SECTION 8. Section 489.105(b), Government Code, is amended
3-62 to read as follows:

3-63 (b) The fund consists of:

3-64 (1) appropriations for the implementation and
3-65 administration of this chapter;

3-66 (2) [~~investment earnings under the original capital~~
3-67 ~~access fund established under Section 481.402,~~

3-68 [~~3~~] fees charged under Subchapter BB, Chapter 481;

3-69 (3) [~~4~~] interest earned on the investment of money

4-1 in the fund;
 4-2 (4) [~~(5)~~] fees charged under this chapter;
 4-3 (5) [~~(6)~~] investment earnings from the programs
 4-4 administered by the bank;
 4-5 (6) [~~(7)~~] amounts transferred under Section
 4-6 2303.504(b) [~~as amended by Article 2, Chapter 1134, Acts of the~~
 4-7 ~~77th Legislature, Regular Session, 2001~~];
 4-8 (7) [~~(8)~~] investment earnings under the Texas product
 4-9 development fund under Section 489.211;
 4-10 (8) [~~(9)~~] investment earnings under the Texas small
 4-11 business incubator fund under Section 489.212; and
 4-12 (9) [~~(10)~~] any other amounts received by the state
 4-13 under this chapter.

4-14 SECTION 9. Section 489.107, Government Code, is amended to
 4-15 read as follows:

4-16 Sec. 489.107. ANNUAL REPORT. (a) On or before January 1 of
 4-17 each year, the office shall submit to the legislature an annual
 4-18 status report on the activities of the bank.

4-19 (b) The report under Subsection (a) must include for each
 4-20 program administered by the office:

4-21 (1) the number of grants, loans, and designations
 4-22 awarded in the previous fiscal year;

4-23 (2) the total number of grants, loans, and
 4-24 designations awarded by the bank;

4-25 (3) the amount in dollars of all grants, loans, and
 4-26 designations described by Subdivisions (1) and (2);

4-27 (4) the number of applications received in the
 4-28 previous fiscal year;

4-29 (5) the number of outstanding loans and designations;

4-30 (6) a summary of each outstanding loan and
 4-31 designation, including the amount outstanding and the terms of the
 4-32 loan or designation;

4-33 (7) the balance of each program's fund and any reserve
 4-34 account; and

4-35 (8) any challenges in administering each program,
 4-36 including any proposals for statutory changes that would address
 4-37 the challenges.

4-38 (c) For the small business disaster recovery loan program,
 4-39 the report must include a general description of each small
 4-40 business for which an applicant was awarded a loan from the fund
 4-41 during the preceding fiscal year.

4-42 (d) In preparing the report under Subsection (a), the office
 4-43 shall remove any identifying information pertaining to program
 4-44 participants.

4-45 SECTION 10. Sections 489.211(a) and (b), Government Code,
 4-46 are amended to read as follows:

4-47 (a) The Texas product development fund is a [~~revolving~~]
 4-48 in the state treasury.

4-49 (b) The product fund is composed of proceeds of bonds issued
 4-50 under this subchapter, financing application fees, loan
 4-51 repayments, guarantee fees, royalty receipts, dividend income,
 4-52 money appropriated by the legislature for authorized purposes of
 4-53 the product fund, amounts received by the state from loans, loan
 4-54 guarantees, and equity investments made under this subchapter,
 4-55 amounts received by the state from federal grants or other sources,
 4-56 [~~amounts transferred from the original capital access fund under~~
 4-57 ~~Section 481.415,~~] and any other amounts received under this
 4-58 subchapter and required by the bank to be deposited in the product
 4-59 fund. The product fund contains a program account, an interest and
 4-60 sinking account, and other accounts that the bank authorizes to be
 4-61 created and maintained. Money in the product fund is available for
 4-62 use by the bank [~~board~~] under this subchapter. Investment earnings
 4-63 under the product fund must be transferred to the fund created under
 4-64 Section 489.105. Notwithstanding any other provision of this
 4-65 subchapter, any money in the product fund may be used for debt
 4-66 service, bond redemption, or any costs associated with debt service
 4-67 or bond redemption.

4-68 SECTION 11. Sections 489.212(a) and (b), Government Code,
 4-69 are amended to read as follows:

5-1 (a) The Texas small business incubator fund is a ~~[revolving]~~
 5-2 fund in the state treasury.

5-3 (b) The small business fund is composed of proceeds of bonds
 5-4 issued under this subchapter, financing application fees, loan
 5-5 repayments, guarantee fees, royalty receipts, dividend income,
 5-6 money appropriated by the legislature for authorized purposes of
 5-7 the small business fund, amounts received by the state from loans,
 5-8 loan guarantees, and equity investments made under this subchapter,
 5-9 amounts received by the state from federal grants or other sources,
 5-10 ~~[amounts transferred from the original capital access fund under~~
 5-11 ~~Section 481.415,]~~ and any other amounts received under this
 5-12 subchapter and required by the bank to be deposited in the small
 5-13 business fund. The small business fund contains a project account,
 5-14 an interest and sinking account, and other accounts that the bank
 5-15 authorizes to be created and maintained. Money in the small
 5-16 business fund is available for use by the bank ~~[board]~~ under this
 5-17 subchapter. Investment earnings under the small business fund
 5-18 must be transferred to the fund created under Section
 5-19 489.105. Notwithstanding any other provision of this subchapter,
 5-20 any money in the small business fund may be used for debt service,
 5-21 bond redemption, or any costs associated with debt service or bond
 5-22 redemption.

5-23 SECTION 12. Section 489.215(b), Government Code, is amended
 5-24 to read as follows:

5-25 (b) This section applies to information in any form provided
 5-26 by or on behalf of an applicant for financing or a recipient of
 5-27 financing under this subchapter, including information contained
 5-28 in, accompanying, or derived from any application or report, that
 5-29 relates to a product, to the development, application, manufacture,
 5-30 or use of a product, or to the markets, market prospects, or
 5-31 marketing of a product and that is proprietary information of
 5-32 actual or potential commercial value to the applicant or recipient
 5-33 that has not been disclosed to the public. Confidential
 5-34 information includes scientific and technological information,
 5-35 including computer programs and software, and marketing and
 5-36 business operation information, regardless of whether the product
 5-37 to which the information relates is patentable or capable of being
 5-38 registered under copyright or trademark laws or has a potential for
 5-39 being sold, traded, or licensed for a fee. This section does not
 5-40 make confidential information in an account, voucher, or contract
 5-41 relating to the receipt or expenditure of public funds by the bank,
 5-42 board, or the department or its successor under this subchapter.
 5-43 This section applies to any information collected in winding up the
 5-44 product development and small business incubator program
 5-45 investment portfolio under Subchapter D-1.

5-46 SECTION 13. Chapter 489, Government Code, is amended by
 5-47 adding Subchapter D-1 to read as follows:

5-48 SUBCHAPTER D-1. WINDING UP OF PRODUCT DEVELOPMENT AND SMALL
 5-49 BUSINESS INCUBATOR PROGRAM

5-50 Sec. 489.221. MANAGEMENT OF INVESTMENT PORTFOLIO; WINDING
 5-51 UP AND FINAL LIQUIDATION. (a) In this section, "product
 5-52 development and small business incubator program investment
 5-53 portfolio" means:

5-54 (1) the equity positions in the form of stock or other
 5-55 security the bank took, on behalf of the state, in companies that
 5-56 received financing under the product development and small business
 5-57 incubator program; and

5-58 (2) any other investments made by the bank, on behalf
 5-59 of the state, and associated assets in connection with financing
 5-60 made under the product development and small business incubator
 5-61 program.

5-62 (b) The bank shall manage and wind up the product
 5-63 development and small business incubator program investment
 5-64 portfolio, including revenues and associated assets from financing
 5-65 and defaults on financing, in a manner that, to the extent feasible,
 5-66 provides for the maximum return on the state's investment. In
 5-67 managing those investments and associated assets through
 5-68 procedures and subject to restrictions that the bank considers
 5-69 appropriate, the bank may acquire, exchange, sell, supervise,

6-1 manage, or retain any kind of investment or associated assets that a
6-2 prudent investor, exercising reasonable care, skill, and caution,
6-3 would acquire or retain in light of the purposes, terms,
6-4 distribution requirements, and other circumstances then prevailing
6-5 pertinent to each investment or associated asset. The bank may
6-6 recover its reasonable and necessary costs incurred in the
6-7 management of the portfolio, including costs incurred in the
6-8 retaining of professional or technical advisors, from the earnings
6-9 on the investments in the portfolio.

6-10 (c) On completion of the winding up process under Subsection
6-11 (b), the bank shall deposit any remaining investment earnings to
6-12 the credit of the Texas economic development bank fund, as required
6-13 under Sections 489.211 and 489.212.

6-14 (d) The bank has any power necessary to accomplish the
6-15 purposes of this section.

6-16 SECTION 14. Section 2303.003(7), Government Code, is
6-17 amended to read as follows:

6-18 (7) "Qualified employee" means a person who:

6-19 (A) is a resident of this state;

6-20 (B) works for a qualified business;

6-21 (C) [~~(B)~~] receives wages from the qualified
6-22 business from which employment taxes are deducted; and

6-23 (D) meets one of the following qualifications:

6-24 (i) the person [~~(C)~~] performs at least 50
6-25 percent of the person's service for the business at the qualified
6-26 business site;

6-27 (ii) [~~or~~] if the person engages in the
6-28 transportation of goods or services, the person reports to the
6-29 qualified business site and resides within 50 miles of the
6-30 qualified business site; or

6-31 (iii) if the person engages in services
6-32 off-site, the person is assigned to the qualified business site and
6-33 resides within 25 miles of the qualified business site.

6-34 SECTION 15. Section 2303.4052, Government Code, is amended
6-35 to read as follows:

6-36 Sec. 2303.4052. REQUIRED INFORMATION FROM NOMINATING BODY.

6-37 (a) Before nominating the project or activity of a qualified
6-38 business for designation as an enterprise project, the nominating
6-39 body must submit to the bank:

6-40 (1) a certified copy of the ordinance or order, as
6-41 appropriate, or reference to an ordinance or order as required by
6-42 Section 2303.4051;

6-43 (2) a certified copy of the minutes of all public
6-44 hearings conducted with respect to local incentives available to
6-45 qualified businesses within the jurisdiction of the governmental
6-46 entity nominating the project or activity, regardless of whether
6-47 those businesses are located in an enterprise zone;

6-48 (3) the name, title, address, telephone number, and
6-49 electronic mail address of the nominating body's liaison designated
6-50 under Section 2303.204;

6-51 (4) if the business is seeking job retention benefits,
6-52 documentation showing the number of employment positions at the
6-53 qualified business site;

6-54 (5) any interlocal agreement required under Section
6-55 2303.004(c) that states:

6-56 (A) which governing body has the administration
6-57 authority under Section 2303.201; and

6-58 (B) that both the county in which the project or
6-59 activity is located and the municipality in whose jurisdiction the
6-60 project or activity is located approve the nomination of the
6-61 project or activity; and

6-62 (6) any additional information the bank may require.

6-63 (b) The nominating body may electronically submit in a
6-64 manner prescribed by the bank a digital scan of a certified copy of
6-65 the documentation required by Subsections (a)(1) and (2).

6-66 SECTION 16. The following provisions of the Government Code
6-67 are repealed:

6-68 (1) Sections 481.0066(d-1) and (d-2);

6-69 (2) Section 481.401(6-a);

7-1 (3) Sections 481.406(b) and (c);
7-2 (4) Sections 481.402, 481.404, 481.405, 481.407,
7-3 481.408, 481.409, 481.410, 481.412(a), 481.415, 481.458, 481.609,
7-4 and 489.307; and

7-5 (5) Sections 489.201, 489.202, 489.203, 489.204,
7-6 489.205, 489.206, 489.207, 489.208, 489.209, 489.210, 489.211(c),
7-7 489.212(c), 489.213, 489.214, 489.215(c), 489.216, and 489.217.

7-8 SECTION 17. Not later than December 1, 2024, the Texas
7-9 Economic Development and Tourism Office shall submit the first
7-10 biennial strategic tourism plan required by Section 481.172(b)(3),
7-11 Government Code, as amended by this Act.

7-12 SECTION 18. A member of an advisory committee repealed by
7-13 this Act may be reappointed to serve as a member of a new advisory
7-14 committee established under Section 481.0211, Government Code, as
7-15 added by this Act.

7-16 SECTION 19. (a) Except as provided by Subsection (b) of
7-17 this section, Section 2303.003, Government Code, as amended by this
7-18 Act, applies to an application for an enterprise project
7-19 designation under the enterprise zone program under Chapter 2303,
7-20 Government Code, as amended by this Act, that is submitted on or
7-21 after the effective date of this Act. An application for an
7-22 enterprise project designation under the enterprise zone program
7-23 that is submitted before the effective date of this Act is governed
7-24 by the law in effect on the date the application was submitted, and
7-25 the former law is continued in effect for that purpose.

7-26 (b) Section 2303.003(7)(D), Government Code, as added by
7-27 this Act, applies to an enterprise project that is under audit or
7-28 subject to audit by the comptroller of public accounts on or after
7-29 the effective date of this Act.

7-30 SECTION 20. This Act takes effect September 1, 2023.

7-31 * * * * *