

By: Springer, et al.

S.B. No. 1940

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

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

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

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

15           (3) promote and administer business and community  
16 economic development programs and services in the state, including  
17 business incentive programs;

18           (4) provide to businesses and communities in the state  
19 assistance with exporting products and services to international  
20 markets;

21           (5) serve as a central source of economic research and  
22 information; ~~and~~

23           (6) establish a statewide strategy to address economic  
24 growth and quality of life issues, a component of which is based on  
25 the identification and development of industry clusters; and

26           (7) develop a plan to engage with stakeholders to  
27 gather input and solicit feedback on the development of rules

1 promulgated by the office related to lending programs, including  
2 participant selection, requirements for borrowers, terms of loans,  
3 requirements for disbursement of funds, and other aspects of  
4 program administration.

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

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

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

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

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

17 (2) require each agency to submit to the office for  
18 advance approval:

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

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

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

27 (ii) the agency's proposed budget for

1 tourism activities; and

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

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

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

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

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

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

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

24 (b-1) The office may, using the input of each agency that is  
25 a party to a memorandum of understanding under Subsection (a)(8),  
26 establish procedures for the submission of the plan required under  
27 Subsection (b)(2)(B).

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

3 (d) The office shall by rule develop:

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

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

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

10 (b) The fund consists of:

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

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

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

16 (3) [(4)] interest earned on the investment of money  
17 in the fund;

18 (4) [(5)] fees charged under this chapter;

19 (5) [(6)] investment earnings from the programs  
20 administered by the bank;

21 (6) [(7)] amounts transferred under Section  
22 2303.504(b), as amended by Article 2, Chapter 1134, Acts of the 77th  
23 Legislature, Regular Session, 2001; and

24 (7) [(8)] investment earnings under the Texas product  
25 development fund under Section 489.211,

26 [(9)] investment earnings under the Texas small  
27 business incubator fund under Section 489.212; and

1           ~~[(10)]~~ any other amounts received by the state under  
2 this chapter.

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

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

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

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

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

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

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

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

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

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

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

27           (c) For the small business disaster recovery loan program,



1 the report must include a general description of each small  
2 business for which an applicant was awarded a loan from the fund  
3 during the preceding fiscal year.

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

7 SECTION 10. Chapter 489, Government Code, is amended by  
8 adding Subchapter D-1 to read as follows:

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

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

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

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

22 (b) The bank shall manage and wind up the product  
23 development and small business incubator investment portfolio,  
24 including revenues from loans and loan defaults, in a manner that,  
25 to the extent feasible, provides for the maximum return on the  
26 state's investment. In managing those investments and associated  
27 assets through procedures and subject to restrictions that the bank

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

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

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

15 (1) Sections 481.0066(d-1), (d-2), (e), (e-1), and  
16 (e-2);

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

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

19 (4) Sections 481.402, 481.404, 481.405, 481.407,  
20 481.408, 481.409, 481.410, 481.412(a), 481.415, 481.458, 481.609,  
21 and 489.307; and

22 (5) Sections 489.201, 489.202, 489.203, 489.204,  
23 489.205, 489.206, 489.207, 489.208, 489.209, 489.210, 489.213,  
24 489.214, 489.215, 489.216, and 489.217.

25 SECTION 12. Not later than December 1, 2024, the Texas  
26 Economic Development and Tourism Office shall submit the first  
27 biennial strategic tourism plan required by Section 481.172(b)(3),

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1 Government Code, as amended by this Act.

2 SECTION 13. This Act takes effect September 1, 2023.