

BILL ANALYSIS

S.B. 15
Madla
Economic Development
March 11, 2003
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Toyota recently selected San Antonio as the site of its new North American facility. One of Toyota's requirements was that the site offer rail access. However, the site selected by Toyota does not have rail access. SB 15 authorizes the Texas Department of Economic Development to grant \$15 million from the Smart Jobs Fund for business location incentives, such as the construction of a rail line.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Department of Economic Development in SECTION 2(a) of this bill.

ANALYSIS

SB 15 authorizes the Texas Department of Economic Development (the Department) to make grants to local governmental entities within Texas for business location incentives.

SB 15 appropriates the unexpended balance of funds in Smart Jobs Fund No. 891 for business location incentives during the remainder of the fiscal year ending August 31, 2003 and any remaining at the end of the fiscal year, is appropriated for the fiscal year beginning September 1, 2003, for a total appropriation not to exceed \$15 million. However, if the Department is abolished on September 1, 2003 by operation of the Sunset Act, the unexpended balance in the Smart Jobs Fund shall be transferred to an appropriate state agency to be designated by the Governor to be used for the purposes of this Act.

SB 15 provides that before awarding a grant, the Department must enter into a written agreement with the recipient specifying that if all or any portion of the grant is used to build infrastructure or capital improvements, the state must retain a lien in proportion to the percentage of the grant used to pay for the infrastructure or improvement, and must ensure that if the infrastructure or improvement is sold, the grant recipient pays the Department, with interest, any state money used to pay for the improvement and shares with the state a proportionate amount of profits.

If the recipient fails to use the grant funds for the intended purpose, the recipient shall repay the grant and any related interest.

SB 15 authorizes the Texas Department of Economic Development to adopt rules to implement this Act.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2003.