

BILL ANALYSIS

Senate Research Center
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S.B. 659
By: Brimer
Government Organization
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DIGEST AND PURPOSE

As proposed, S.B. 659 abolishes the Texas Department of Economic Development and transfers the powers and duties of the agency to the Texas economic development coordinator (coordinator). The coordinator is created as a position within the governor's office, appointed to a two-year term. The coordinator will orchestrate business development initiative efforts and work with state agencies to identify grants and programs at all levels of government.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the Texas Department of Economic Development is modified and transferred to the economic development coordinator in SECTION 1.07 (Section 481.0044, Government Code) of this bill.

Rulemaking authority previously granted to the Texas Department of Economic Development is transferred to the economic development coordinator in SECTION 1.14 (Section 481.012, Government Code), SECTION 1.16 (Section 481.021, Government Code), SECTION 1.20 (Section 481.0231, Government Code), SECTION 1.24 (Section 481.028, Government Code), SECTION 1.32 (Section 481.075, Government Code), SECTION 1.34 (Section 481.104, Government Code), SECTION 1.45 (Section 481.174, Government Code), and SECTION 1.46 (Section 481.193, Government Code) of this bill.

Rulemaking authority is granted to the economic development coordinator in SECTION 1.38 (Section 481.152, 481.153, and 481.155, Government Code) and SECTION 1.44 (Section 481.1722, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

ARTICLE 1. CREATION OF ECONOMIC DEVELOPMENT COORDINATOR; ABOLITION OF TEXAS DEPARTMENT OF ECONOMIC DEVELOPMENT AND TRANSFER OF FUNCTIONS TO ECONOMIC DEVELOPMENT COORDINATOR

SECTION 1.01. Amends the heading to Chapter 481, Government Code, to read as follows:

CHAPTER 481. ECONOMIC DEVELOPMENT COORDINATOR

SECTION 1.02. Amends Section 481.001, Government Code, by adding Subdivisions (5) and (6), to define "coordinator" and "identified potential new prospect."

SECTION 1.03. Amends Section 481.002, Government Code, as follows:

Sec. 481.002. New heading: ESTABLISHMENT; PURPOSE. (a) Provides that the economic development coordinator, rather than the Texas Department of Economic Development (TDED), is established as a position in the office of the governor, rather than an agency of the state.

(b) Requires the coordinator to direct business development initiative efforts in this state.

(c) Provides that the main mission of the coordinator is job creation.

SECTION 1.04. Amends Chapter 481A, Government Code, by adding Section 481.0021, as follows:

Sec. 481.0021. APPOINTMENT. Requires the governor to appoint the coordinator to serve a two-year term.

SECTION 1.05. Amends Section 481.003, Government Code, as follows:

Sec. 481.003. SUNSET PROVISION. Makes a conforming change. Provides that unless continued in existence as provided by that chapter the position of the coordinator, rather than department, is abolished and this chapter expires September 1, 2015, rather than 2003.

SECTION 1.06. Amends Sections 481.0042(a), (b), and (e), Government Code, as follows:

(a) Prohibits a person from serving as the coordinator, rather than as a public member of the governing board, or being an employee of the coordinator, rather than TDED, if the person meets certain criteria.

(b) Makes conforming changes.

(e) Makes conforming changes.

SECTION 1.07. Amends Sections 481.0044(a), (d), (e), and (f), Government Code, as follows:

(a) Makes conforming changes and deletes text providing that TDED's governing board may adopt rules for its internal management and control.

(d)-(f) Make conforming changes.

SECTION 1.08. Amends Section 481.0065(a), Government Code, to make a conforming change.

SECTION 1.09. Amends Sections 481.0068(a) and (e), Government Code, to make conforming and nonsubstantive changes.

SECTION 1.10. Amends Section 481.007, Government Code, to make conforming changes.

SECTION 1.11. Amends Section 481.008, Government Code, to make conforming changes.

SECTION 1.12. Amends Section 481.010, Government Code, to make conforming changes.

SECTION 1.13. Amends Section 481.011, Government Code, to make conforming changes.

SECTION 1.14. Amends Section 481.012, Government Code, to make conforming changes.

SECTION 1.15. Amends the heading to Chapter 481B, Government Code, to read as follows:

SUBCHAPTER B. GENERAL POWERS AND DUTIES OF COORDINATOR

SECTION 1.16. Amends Section 481.021, Government Code, to make conforming changes.

SECTION 1.17. Amends Chapter 481B, Government Code, by adding Section 481.0215, as follows:

Sec. 481.0215. COORDINATION OF ECONOMIC DEVELOPMENT EFFORTS. (a) Requires the coordinator to work with the legislature and state agencies to identify grants and programs at all levels of government and to maximize access to federal funds for economic development.

(b) Requires the coordinator, at the direction of the governor, to work with each state agency that administers a program relating to job training or job creation, including the Texas Workforce Commission (TWC), the Department of Agriculture, and the Office of Rural Affairs, to address the challenges facing the agencies relating to job training and job creation.

(c) Requires the coordinator to direct the Texas Economic Development Corporation (TEDC) to form partnerships or enter into agreements with private entities and develop connections with existing businesses in this state for the purpose of improving the marketing of this state through networking and clarifying the potential of the businesses for expansion.

SECTION 1.18. Amends Section 481.022, Government Code, to make conforming changes.

SECTION 1.19. Amends Section 481.023, Government Code, as follows:

Sec. 481.023. ADMINISTRATION OF OTHER STATUTES. Requires the coordinator, rather than department, to perform the administrative duties assigned to the Texas Department of Economic Development under certain acts. Makes conforming changes.

SECTION 1.20. Amends Section 481.0231, Government Code, to make conforming changes.

SECTION 1.21. Amends Section 481.024(a), (e), and (f), Government Code, to make conforming changes, and adds Subsections (g) and (h), Government Code, as follows:

(g) Requires the TEDC board of directors to comply with the coordinator's directions.

(h) Provides that the corporation is a state agency for purposes of Chapter 321 and a governmental body for purposes of Chapters 551 and 552.

SECTION 1.22. Amends Section 481.025, Government Code, to make conforming changes.

SECTION 1.23. Amends Sections 481.027(a)-(e), Government Code, to make conforming and nonsubstantive changes.

SECTION 1.24. Amends Sections 481.028(a), (b), and (d), Government Code, as follows:

(a) Makes conforming changes.

(b) Makes conforming changes. Deletes the requirement that TDED enter into an agreement with the Texas Department of Transportation and Parks and Wildlife Department, regarding each agency's efforts to promote tourism.

(d) Makes conforming changes.

SECTION 1.25. Amends Section 481.029, Government Code, to make a conforming change.

SECTION 1.26. Amends Section 481.043, Government Code, to make a conforming change.

SECTION 1.27. Amends Section 481.045, Government Code, to make conforming changes.

SECTION 1.28. Amends Section 481.047, Government Code, to make a conforming change.

SECTION 1.29. Amends Section 481.071, Government Code, to make conforming changes.

SECTION 1.30. Amends Section 481.0725, Government Code, as follows:

Sec. 481.0725. GENERAL POWERS AND DUTIES. Requires the coordinator to perform certain duties, including the addition of using market research to establish a state-level marketing program targeted at business decision makers, to take advantage of the economic development programs of this state, and to achieve the goal of making this state a business destination and establishing a lead generation program to identify potential employers and business citizens and to form networks with existing businesses in this state.

SECTION 1.31. Amends Section 481.073, Government Code, to make conforming changes.

SECTION 1.32. Amends Section 481.075, Government Code, to make conforming changes.

SECTION 1.33. Amends Sections 481.087(a) and (b), Government Code, as amended by Chapters 18 and 602, Acts of the 72nd Legislature, Regular Session, 1991, as follows:

(a) Makes conforming changes. Deletes text stating that reserve funds for the issuance of bonds under Subchapters Q and U may only be created on approval of the Product Development Advisory Board or the Product Commercialization Advisory Board, as applicable.

(b) Makes conforming and nonsubstantive changes.

SECTION 1.34. Amends Chapter 481G, Government Code, as follows:

SUBCHAPTER G. New heading: STATEWIDE AND REGIONAL ECONOMIC DEVELOPMENT PLANS

Sec. 481.101. New heading: COORDINATED ECONOMIC DEVELOPMENT PLANS. (a) Makes a conforming change.

(b) Requires the coordinator to use industry cluster analysis to develop statewide and regional economic development plans to assist regions of this state in targeting industries with the greatest growth potential for effective development. Requires the plans to be designed to enable local economic development organizations to allocate resources to develop local marketing and workforce development plans.

Sec. 481.102. New heading: INITIAL PLANS; UPDATES. (a) Requires each fifth year after 2002, the coordinator, in consultation with the comptroller, to update the plan developed under Section 481.101(a).

(b) Requires the coordinator, no later than September 1, 2004, to adopt the state and regional economic development plans developed under Section 481.101(b). Requires the coordinator to update the plan each fifth following year.

Sec. 481.103. New heading: USE OF PLANS. Makes conforming and nonsubstantive

changes.

Sec. 481.104. RULES. Makes conforming and nonsubstantive changes.

Sec. 481.105. New heading: DELIVERY OF PLANS AND UPDATES. Makes conforming and nonsubstantive changes.

SECTION 1.35. Amends Section 481.121(2), Government Code, to redefine “office.”

SECTION 1.36. Amends Section 481.122, Government Code, as follows:

Sec. 481.122. CREATION. Provides that the business permit office is an office within the governor's office under the direction of the coordinator.

SECTION 1.37. Amends Chapter 481, Government Code, by adding Subchapter I, as follows:

SUBCHAPTER I. IDENTIFICATION OF POTENTIAL NEW PROSPECTS; TAX INCENTIVE PROPOSAL

Sec. 481.141. TAX INCENTIVE RECOMMENDATIONS. Requires the coordinator to formulate tax incentive programs designed to competitively recruit businesses to this state. Requires the coordinator, not later than December 1 of each even-numbered year, to recommend the programs to the legislature.

Sec. 481.142. IDENTIFICATION OF POTENTIAL NEW PROSPECTS. Requires the coordinator to enter an order identifying the business as a potential new prospect, if the coordinator determines that tax incentives would encourage a business entity to expand in or relocate to this state.

Sec. 481.143. IDENTIFICATION OF AREAS ELIGIBLE FOR DESIGNATION AS REINVESTMENT ZONE. Authorizes the coordinator to identify areas that are eligible for designation as reinvestment zones under Chapter 311 or 312, Tax Code. Requires the coordinator to inform a governing body of a municipality or county that has the authority to designate an area as a reinvestment zone under Chapter 311 or 312, Tax Code, that the coordinator has identified an area in the municipality or county as eligible for designation as a reinvestment zone under this section.

Sec. 481.144. TAX INCENTIVES FOR IDENTIFIED POTENTIAL NEW PROSPECTS. (a) Requires the coordinator to compile a tax incentive package for each business identified as a potential new prospect under Section 481.142. Authorizes a tax incentive package to provide certain information.

(b) Provides that an identified potential new prospect is eligible for any tax incentives proposed by the coordinator if the proposal is approved by certain people.

Sec. 481.145. ASSISTANCE. Requires the comptroller and the Texas Workforce Commission to assist the coordinator in compiling the information necessary to make recommendations under this subchapter.

SECTION 1.38. Amends Chapter 481, Government Code, by adding Subchapter J, as follows:

SUBCHAPTER J. FUNDING FOR JOBS CREATION AND SKILLS DEVELOPMENT

Sec. 481.151. JOBS CREATION FUND. (a) Provides that the jobs creation fund is an account in the general revenue fund.

- (b) Provides that the jobs creation fund is composed of certain entities.
- (c) Authorizes money in the jobs creation fund to be used only for the jobs creation fund program.
- (d) Authorizes the coordinator to recommend to the legislature that an amount be appropriated from the economic stabilization fund to the jobs creation fund.

Sec. 481.152. RAINY DAY FUND. (a) Provides that the jobs creation rainy day fund is established as a special trust fund in the custody of the comptroller separate and apart from all public money or funds of this state.

- (b) Provides that the jobs creation rainy day fund is composed of certain monies.
- (c) Authorizes the coordinator to use money in the jobs creation rainy day fund if the coordinator determines that, after consulting with the comptroller, the jobs creation fund contains insufficient money to cover the amounts appropriated by the legislature to operate the jobs creation fund program and that certain other factors exist.
- (d) Requires the coordinator by rule to define “severe economic dislocation” for purposes of Subsection (c). Requires the coordinator, in adopting a definition, to consider certain employment-related factors.
- (e) Authorizes the coordinator to use the money allocated from the jobs creation rainy day fund solely for projects located in the affected region, if the coordinator approves the use of money from the jobs creation rainy day fund because of a severe economic dislocation occurring in a specific region of the state.

Sec. 481.153. JOBS CREATION FUND PROGRAM. (a) Provides that the jobs creation fund program is created in the office of the governor as a workforce development incentive program to enhance employment opportunities and to increase the competitiveness of the existing workforce in this state.

- (b) Requires the jobs creation fund program to give priority to training new workers, retraining workers who have lost their jobs, and upgrading technical skills for incumbent workers.
- (c) Requires the coordinator to administer the program.
- (d) Requires the coordinator to adopt rules as necessary to implement the program.

Sec. 481.154. TRAINING FOR IDENTIFIED POTENTIAL NEW PROSPECTS. Requires the jobs creation fund program to provide training for employees of identified potential new prospects through agreements with local technical schools, labor union training programs, local community colleges, or higher education extension agencies.

Sec. 481.155. REFUND OF UNEXPENDED AMOUNTS. Requires the coordinator, in consultation with the Texas Employment Commission [sic], to adopt rules to provide for the refund of unexpended amounts in the jobs creation fund to employers that paid the jobs creation and training assessment imposed under Section 204.141, Labor Code, for the period during which the unexpended amounts were collected.

Sec. 481.156. RECOMMENDATIONS FOR SKILLS DEVELOPMENT FUND. Requires the coordinator, with the assistance of TWC, to make recommendations to the

governor for enhancing the skills development fund to meet the needs of identified potential new prospects.

SECTION 1.39. Amends Section 481.1665, Government Code, to make conforming changes.

SECTION 1.40. Amends Sections 481.167(a), (b), (d), and (e), Government Code, as follows:

(a) Makes a conforming change.

(b) Requires the clearinghouse to collect and disseminate information but deletes the inclusion of rural and urban community economic development programs, including loans, grants, and other funding sources.

(d) and (e) Make conforming changes.

SECTION 1.41. Amends Section 481.168(a), Government Code, to make conforming changes.

SECTION 1.42. Amends Chapter 481K, Government Code, by adding Section 481.169, as follows:

Sec. 481.169. **ADVISORY BOARD OF ECONOMIC DEVELOPMENT STAKEHOLDERS.** (a) Provides that an advisory board of economic development stakeholders is created to assist the coordinator.

(b) Requires the governor to appoint seven members to the advisory board. Requires the governor to appoint three of the initial members to two-year terms and to appoint four of the initial members to four-year terms. Requires the governor thereafter, to appoint each member of the advisory board to a four-year term.

(c) Requires the advisory board to collect and disseminate information on federal, state, local, and private community economic development programs, including loans, grants, and other funding sources.

SECTION 1.43. Amends Section 481.172, Government Code, as amended by Chapters 1041 and 1275, Acts of the 75th Legislature, Regular Session, 1997, as follows:

Sec. 481.172. **DUTIES.** (a) Makes a conforming and nonsubstantive change. Adds the requirement that the coordinator develop a marketing plan to promote the beauty, diversity, and entertainment values offered by this state.

(b) Requires the Parks and Wildlife Department, the Texas Department of Transportation, the Texas Historical Commission (THC), and the Texas Commission on the Arts to comply with a direction given by the coordinator relating to the promotion of tourism.

SECTION 1.44. Amends Chapter 481L, Government Code, by adding Sections 481.1721 and 481.1722, as follows:

Sec. 481.1721. **HERITAGE TOURISM.** (a) Authorizes the coordinator to promote the appreciation of historic sites, structures, or objects in this state through a program designed to develop tourism in this state.

(b) Requires the coordinator to promote heritage tourism by assisting persons, including local governments, organizations, and individuals, in the preservation, enhancement, and promotion of heritage and cultural attractions in this state. Requires the program to include efforts to complete certain tasks.

Sec. 481.1722. HIGHWAY TOURISM AND ADVERTISING. (a) Authorizes the coordinator to compile and publish for distribution documents, including bulletins and pamphlets, to complete certain tasks.

(b) Requires a document compiled or published under Subsection (a) to contain information relating to certain entities.

(c) Authorizes the coordinator to make or cause to be made maps showing the highways of this state and the municipalities and other places of interest served and reached by the highways. Authorizes the coordinator to publish and distribute the maps in a manner determined by the coordinator to best benefit the public.

(d) Requires single copies of documents, maps, and other travel materials distributed by the coordinator under this section to be provided free of charge. Authorizes the coordinator by rule to require payment for large quantities of the materials in an amount sufficient to recover its direct and indirect production costs and to authorize the free distribution of multiple copies if the distribution will maximize the coordinator's resources for advertising the highways of this state and promoting travel to and within this state. Requires money paid to the coordinator under this section to be deposited to the credit of the tourism account in the general revenue fund to finance the coordinator's tourism activities. Provides that Section 403.095 does not apply to funds deposited in the tourism account under this subsection.

(e) Requires the coordinator to maintain and operate travel information centers at the principal gateways to this state for the purpose of providing road information, travel guidance, and various descriptive materials, pamphlets, and booklets designed to furnish aid and assistance to the traveling public and stimulate travel to and within this state.

(f) Authorizes the coordinator to make certain purchases and contracts.

(g) Authorizes the coordinator to accept contributions from private persons to fund the coordinator's activities under this section and to deposit the contributions in a bank to be used at the discretion of the coordinator in compliance with the wishes of the donor, to the extent practicable.

(h) Authorizes the coordinator to contract with private entities for the production, marketing, and distribution of pamphlets, bulletins, documents, and other travel materials published under Subsection (a) on terms considered by the coordinator to be beneficial to this state, including terms providing cost savings. Authorizes a contract to include cooperative strategies considered by the coordinator to be cost-beneficial and to provide for the acceptance of paid advertising in the travel materials if the quality and quantity of the travel materials is maintained.

(i) Authorizes the coordinator to sell promotional items such as calendars, books, prints, caps, light clothing, or other items approved by the coordinator as advertising the resources of this state. Requires all proceeds from the sale of the items to be deposited to the credit of the tourism account in the general revenue fund to finance the coordinator's tourism activities. Provides that Section 403.095 does not apply to funds deposited in the tourism account under this subsection.

SECTION 1.45. Amends Section 481.174, Government Code, to make conforming changes.

SECTION 1.46. Amends Sections 481.193(a), (b), (d), (e), (f), and (h), Government Code, to make

conforming changes.

SECTION 1.47. Amends Section 481.194, Government Code, to make conforming changes.

SECTION 1.48. Amends Section 481.198, Government Code, to make conforming changes.

SECTION 1.49. Amends Section 481.201, Government Code, to make conforming changes.

SECTION 1.50. Amends Section 481.211, Government Code, to make a conforming change.

SECTION 1.51. Amends Section 481.212, Government Code, as follows:

Sec. 481.212. COMPILATION AND DISTRIBUTION OF DATA AND RESEARCH. (a) Makes a conforming change.

(b) Requires the coordinator, to maximize the accessibility of business-related data, to maintain the web site established by TDED to publish business-related information on the Internet. Requires the web site to provide connections to other business-related web sites.

(c) Makes a conforming change.

SECTION 1.52. Amends Chapter 481P, Government Code, by adding Section 481.213, as follows:

Sec. 481.213. ADVANCED TECHNOLOGY RESOURCE CENTER. (a) Defines "center."

(b) Requires the coordinator to establish the center to study and collect information relating to emerging industries, including microelectronics, telecommunications, and biotechnology.

(c) Requires the coordinator to appoint an advisory board composed of individuals with contacts with or experience in private-sector or higher education research and development establishments. Requires the advisory board to administer the center, stay informed of new technology, and advise the coordinator of new prospects for quality future employment.

(d) Requires the center, with the assistance of the coordinator, to establish and maintain an Internet site that provides the public with access to the information compiled under this section.

SECTION 1.53. Amends Section 481.379(b), Government Code, to make a conforming change.

SECTION 1.54. Amends Section 481.401(9), Government Code, to make a conforming change.

SECTION 1.55. Amends Section 481.402(c), Government Code, to make a conforming change.

SECTION 1.56. Amends Sections 481.403(a), (b), and (c), Government Code, to read as follows:

(a) Requires the coordinator, at the beginning of each fiscal year, to compute for the Texas rural economic development fund established under Subchapter F the amount sufficient for the fiscal year to repay bonds issued for projects that are eligible under Subchapter F.

(b) Requires the comptroller, at the beginning of each fiscal year, to subtract the sum of the amount computed by the coordinator under Subsection (a) for the fund from the amount in the

fund at the beginning of the fiscal year.

(c) Requires the comptroller to transfer an amount equal to the computed amount from the fund to the capital access fund, if a positive amount results from a computation made under Subsection (b).

SECTION 1.57. Amends Section 481.404, Government Code, to make conforming changes.

SECTION 1.58. Amends Sections 481.405(a)-(d), Government Code, to make conforming changes.

SECTION 1.59. Amends Sections 481.407(a) and (d), Government Code, to make conforming changes.

SECTION 1.60. Amends Sections 481.408(a), (c), and (d), Government Code, to make conforming changes.

SECTION 1.61. Amends Section 481.409, Government Code, to make conforming changes.

SECTION 1.62. Amends Sections 481.410(b), (c), and (d), Government Code, to make conforming changes.

SECTION 1.63. Amends Section 481.411, Government Code, to make conforming changes.

SECTION 1.64. Amends Section 481.412(a), Government Code, to make a conforming change.

SECTION 1.65. Amends Section 481.414, Government Code, to make a conforming change.

SECTION 1.66. Amends Section 481.452, Government Code, to make conforming changes.

SECTION 1.67. Amends Section 481.453, Government Code, to make conforming changes.

SECTION 1.68. Amends Section 481.454(a), Government Code, to make conforming changes.

SECTION 1.69. Amends Section 481.455, Government Code, to make a conforming change.

SECTION 1.70. Amends Section 481.456, Government Code, to make a conforming change.

SECTION 1.71. Amends Section 481.459, Government Code, to make conforming changes.

SECTION 1.72. (a) Provides that TDED is abolished and the offices of the members of the governing board of the department serving on the effective date of this Act are abolished.

(b) Provides that the validity of an action taken by TDED or its governing board before it is abolished under Subsection (a) of this section is not affected by the abolishment.

SECTION 1.73. Provides that on September 1, 2003, all functions and activities performed by TDED or its governing board immediately before that date are transferred to the economic development coordinator; all employees of TDED become employees of the economic development coordinator; a rule, standard, or form adopted by TDED or its governing board is a rule, standard, or form of the economic development coordinator and remains in effect until changed by the coordinator; a reference in law to TDED, its governing board, or its predecessor agency means the economic development coordinator; a proceeding involving TDED is transferred without change in status to the economic development coordinator, and the economic development coordinator assumes, without a change in status, the position of TDED in a proceeding to which TDED is a party; all money, contracts, leases, rights, and obligations of TDED are transferred to the economic development coordinator; all property,

including records, in the custody of TDED becomes the property of the economic development coordinator; all funds appropriated by the legislature to TDED are transferred to the economic development coordinator; and the executive director of TDED serving on the effective date of this Act becomes an employee of the economic development coordinator as provided by this Act.

SECTION 1.74. Repealer: Sections 481.001(1) and (4), 481.004, 481.0041, 481.0043, 481.0044(b) and (c), 481.005, 481.006, 481.059, 481.077, 481.084, and 481.403(d), Government Code.

ARTICLE 2. CHANGES RELATING TO CONSOLIDATION OF TOURISM PROMOTION EFFORTS

SECTION 2.01. Amends Chapter 12, Agriculture Code, by adding Section 12.0176, as follows:

Sec. 12.0176. TOURISM PROMOTION EFFORTS UNDER DIRECTION OF ECONOMIC DEVELOPMENT COORDINATOR. Provides that an effort by the Department of Agriculture (TDA) to promote tourism is subject to the direction of the economic development coordinator. Requires TDA to comply with a direction given by the economic development coordinator relating to the promotion of tourism.

SECTION 2.02. Amends Chapter 442, Government Code, by adding Section 442.0055, as follows:

Sec. 442.0055. TOURISM PROMOTION EFFORTS UNDER DIRECTION OF ECONOMIC DEVELOPMENT COORDINATOR. Provides that an effort by the commission to promote tourism is subject to the direction of the economic development coordinator. Requires the Texas Historical Commission (commission) to comply with a direction given by the economic development coordinator relating to the promotion of tourism.

SECTION 2.03. Amends Section 444.030(b), Government Code, to require the commission to enter into an agreement as required by Subsection (a) with the Texas, rather than Central, Education Agency regarding the arts in education program in the public schools and Music, Film, Television, and Multimedia Office in the governor's office regarding work with the state's music and film industries but deletes the Texas Department of Commerce, Texas Department of Transportation (TxDOT), and Parks and Wildlife Department, regarding state tourism promotion efforts.

SECTION 2.04. Amends Chapter 444B, Government Code, by adding Section 444.032, as follows:

Sec. 444.032. TOURISM PROMOTION EFFORTS UNDER DIRECTION OF ECONOMIC DEVELOPMENT COORDINATOR. Provides that an effort by the commission to promote tourism is subject to the direction of the economic development coordinator. Requires the commission to comply with a direction given by the economic development coordinator relating to the promotion of tourism.

SECTION 2.05. Amends Chapter 11B, Parks and Wildlife Code, by adding Section 11.0305, as follows:

Sec. 11.0305. TOURISM PROMOTION EFFORTS UNDER DIRECTION OF ECONOMIC DEVELOPMENT COORDINATOR. Provides that an effort by the Parks and Wildlife Department (department) to promote tourism is subject to the direction of the economic development coordinator. Requires the department to comply with a direction given by the economic development coordinator relating to the promotion of tourism.

SECTION 2.06. Amends Chapter 201D, Transportation Code, by adding Section 201.210, as follows:

Sec. 201.210. TOURISM PROMOTION EFFORTS UNDER DIRECTION OF ECONOMIC DEVELOPMENT COORDINATOR. Provides that an effort by the Texas Department of Transportation (TxDOT) to promote tourism is subject to the direction of the economic development coordinator. Requires TxDOT to comply with a direction given by the economic development coordinator relating to the promotion of tourism.

SECTION 2.07. Repealer: Sections 442.005(s) and (t), Government Code, and Sections 3(a)-(d), Chapter 193, Acts of the 56th Legislature, Regular Session, 1959 (Article 6144e, V.T.C.S.).

SECTION 2.08. (a) Provides that on September 1, 2003, all functions and activities performed by the Texas Historical Commission (THC) immediately before that date relating to the promotion of historical tourism are transferred to the economic development coordinator; all employees of THC who primarily perform duties relating to the promotion of historical tourism become employees of the economic development coordinator; a rule, standard, or form adopted by THC relating to the promotion of historical tourism is a rule, standard, or form of the economic development coordinator and remains in effect until altered by the economic development coordinator; a reference in law to THC that relates to functions and activities performed by THC relating to the promotion of historical tourism means the economic development coordinator; a proceeding involving THC that is related to functions and activities performed by THC relating to the promotion of historical tourism is transferred without change in status to the economic development coordinator, and the economic development coordinator assumes without a change in status the position of THC in a proceeding relating to functions and activities performed by THC relating to the promotion of historical tourism to which THC is a party; all money, contracts, leases, rights, and obligations of THC related to functions and activities performed by THC relating to the promotion of historical tourism are transferred to the economic development coordinator; all property, including records, in the custody of THC related to functions and activities performed by THC relating to the promotion of historical tourism becomes property of the economic development coordinator; and all funds appropriated by the legislature to THC for purposes related to functions and activities performed by THC relating to the promotion of historical tourism are transferred to the economic development coordinator.

(b) Provides that on September 1, 2003, all functions and activities performed by TxDOT immediately before that date under Sections 3(a)-(d), Chapter 193, Acts of the 56th Legislature, Regular Session, 1959 (Article 6144e, V.T.C.S.), including the operation of travel information centers, are transferred to the economic development coordinator; all employees of TxDOT who primarily perform duties under Sections 3(a)-(d), Chapter 193, Acts of the 56th Legislature, Regular Session, 1959 (Article 6144e, V.T.C.S.), including the operation of travel information centers, become employees of the economic development coordinator; a rule, standard, or form adopted by TxDOT under Sections 3(a)-(d), Chapter 193, Acts of the 56th Legislature, Regular Session, 1959 (Article 6144e, V.T.C.S.), is a rule, standard, or form of the economic development coordinator and remains in effect until altered by the economic development coordinator; a reference in law to TxDOT that relates to functions and activities performed by TxDOT under Sections 3(a)-(d), Chapter 193, Acts of the 56th Legislature, Regular Session, 1959 (Article 6144e, V.T.C.S.), means the economic development coordinator; a proceeding involving TxDOT that is related to functions and activities performed by TxDOT under Sections 3(a)-(d), Chapter 193, Acts of the 56th Legislature, Regular Session, 1959 (Article 6144e, V.T.C.S.), is transferred without change in status to the economic development coordinator, and the economic development coordinator assumes without a change in status the position of TxDOT in a proceeding relating to functions and activities performed by TxDOT under Sections 3(a)-(d), Chapter 193, Acts of the 56th Legislature, Regular Session, 1959 (Article 6144e, V.T.C.S.), to which TxDOT is a party; all money, contracts, leases, rights, and obligations of TxDOT related to functions and activities performed by TxDOT under Sections 3(a)-(d), Chapter 193, Acts of the 56th Legislature, Regular Session, 1959 (Article 6144e, V.T.C.S.), are transferred to the economic development coordinator; all property, including records, in the custody of TxDOT related to functions and activities performed by TxDOT under Sections 3(a)-(d), Chapter 193, Acts of the 56th

Legislature, Regular Session, 1959 (Article 6144e, V.T.C.S.), becomes property of the economic development coordinator; and all funds appropriated by the legislature to TxDOT for purposes related to functions and activities performed by TxDOT under Sections 3(a)-(d), Chapter 193, Acts of the 56th Legislature, Regular Session, 1959 (Article 6144e, V.T.C.S.), are transferred to the economic development coordinator.

ARTICLE 3. TAX INCENTIVES FOR IDENTIFIED POTENTIAL NEW PROSPECTS

SECTION 3.01. Amends Sections 171.723(a) and (d), Tax Code, as follows:

(a) Provides that the credit for any report equals 10, rather than 5, percent of the sum of certain monies.

(d) Includes that in computing the credit under this section a corporation that is eligible for an increased credit as provided by Section 481.144, Government Code, may multiply by two the amount of any qualified research expenses and basic research payments made on or before the third anniversary of the date on which the corporation is identified as a potential new prospect.

SECTION 3.02. Amends Section 171.751(9), Tax Code, as effective September 1, 2003, to redefine “qualifying job.”

SECTION 3.03. Amends Section 171.751(9), Tax Code, as effective January 1, 2005, to redefine “qualifying job.”

SECTION 3.04. Amends Section 171.753, Tax Code, as follows:

Sec. 171.753. CALCULATION OF CREDIT. (a) Created from existing text.

(b) Authorizes a corporation that is eligible for an increased credit as provided by Section 481.144, Government Code, to establish a credit equal to certain time periods and percentages.

SECTION 3.05. Amends Section 171.755(a), Tax Code, to provide that this subsection does not apply to a corporation that is eligible for an increased credit as provided by Section 481.144, Government Code, on or before the third anniversary of the date on which the corporation is identified as a potential new prospect under Section 481.142, Government Code.

SECTION 3.06. Amends Section 171.801(2), Tax Code, as effective September 1, 2003, to redefine “qualified capital investment.”

SECTION 3.07. Amends Section 171.801(2), Tax Code, as effective January 1, 2005, to redefine “qualified capital investment.”

SECTION 3.08. Amends Section 171.803, Tax Code, as follows:

Sec. 171.803. CALCULATION OF CREDIT. (a) Created from existing text.

Authorizes a corporation to establish a credit equal to 15 percent of the qualified capital investment first placed into service in a strategic investment area during the period upon which the tax is based.

(b) Authorizes a corporation that is eligible for an increased credit as provided by Section 481.144, Government Code, to establish a credit equal to a certain percentage.

SECTION 3.09. Amends Section 311.0125, Tax Code, by adding Subsection (e) to require the board of directors of a reinvestment zone and the governing body of a taxing unit to consider any

recommendation made by the economic development coordinator, in determining whether to approve an agreement to abate taxes on real property in a reinvestment zone under Subsection (b).

SECTION 3.10. Amends Section 312.204, Tax Code, by adding Subsection (g) to require the governing body of a municipality to consider any recommendation made by the economic development coordinator, in determining whether to enter into a tax abatement agreement under this section.

SECTION 3.11. Amends Section 312.402, Tax Code, by adding Subsection (f) to require the commissioners court of a county to consider any recommendation made by the economic development coordinator, in determining whether to enter into a tax abatement agreement under this section.

SECTION 3.12. Amends Section 313.025, Tax Code, by adding Subsection (g) to require the governing body of a school district to consider any recommendation made by the economic development coordinator, in determining whether to grant an application.

ARTICLE 4. CHANGES RELATING TO JOBS CREATION FUNDING

SECTION 4.01. Amends Section 204.006(a), Labor Code, to provide that a person's contribution rate for the calendar year in which the person becomes an employer is the greater of the rate established for that year for the major group to which the employer is assigned under Section 204.004 or two and six-tenths, rather than two and seven-tenths, percent.

SECTION 4.02. Amends Section 204.062(a), Labor Code, to require an employer entitled to an experience rate, in addition to the general tax computed under Subchapter C, to pay a replenishment tax at the rate computed by certain formulas, including subtracting 0.1 from the resulting quotient.

SECTION 4.03. Amends Chapter 204, Labor Code, by adding Subchapter H, as follows:

SUBCHAPTER H. JOBS CREATION AND TRAINING ASSESSMENT; FUNDS

Sec. 204.141. JOBS CREATION AND TRAINING ASSESSMENT. (a) Provides that a jobs creation and training assessment is imposed on each employer paying contributions under this subtitle as a separate assessment of one-tenth percent of wages paid by the employer, in addition to any other taxes imposed by this subtitle.

(b) Requires the Texas Employment Commission (TEC) to deposit the revenue from the jobs creation and training assessment to the credit of the holding fund created under Section 204.142.

(c) Provides that the jobs creation and training assessment is due at the same time, collected in the same manner, and subject to the same penalties and interest as other contributions assessed under this subtitle.

Sec. 204.142. HOLDING FUND. (a) Provides that the holding fund is a special trust fund in the custody of the comptroller separate and apart from all public money or funds of this state.

(b) Requires the comptroller to administer the holding fund in accordance with the directions of TEC. Requires interest accruing on amounts in the holding fund to be deposited quarterly to the credit of the compensation fund.

Sec. 204.143. TRANSFER TO JOBS CREATION FUND. (a) Requires TEC, if, on September 1 of a year, TEC determines that the amount in the compensation fund will exceed 100 percent of its floor as computed under Section 204.061 on the next October 1 computation date, to transfer from the holding fund created under Section 204.142 certain percentages of holdings.

(b) Requires TEC, if, on September 1 of a year, TEC determines that the amount in the compensation fund will be at or below 100 percent of its floor as computed under Section 204.061 on the next October 1 computation date, to transfer to the compensation fund as is necessary to raise the amount in the compensation fund to 100 percent of its floor, up to and including the entire amount in the holding fund. Requires TEC to transfer any remaining balance in the holding fund to the jobs creation fund and the jobs creation rainy day fund in the percentages prescribed by Subsection (a).

SECTION 4.04. Amends Section 57.043, Utilities Code, by adding Subsection (d) to authorize the comptroller to, at the request of the governor, transfer money from the telecommunications infrastructure fund to the jobs creation fund to be used for training programs and distance learning.

ARTICLE 5. EFFECTIVE DATE; TRANSITION

SECTION 5.01. (a) Effective date: September 1, 2003, except as provided by Subsection (b) of this section.

(b) Effective date for Sections 3.03 and 3.07 of this Act: September 1, 2005.

SECTION 5.02. Makes application of this Act prospective.