

By: Keffer of Eastland

H.B. No. 3472

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the abolition of the Texas Department of Economic
3 Development; to the transfer of its functions to the Governor's
4 Economic Development Division; and to the creation of the Texas
5 Office of Tourism and the consolidation of the tourism functions of
6 certain state agencies.

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

8 ARTICLE 1. ABOLITION OF THE TEXAS DEPARTMENT OF ECONOMIC
9 DEVELOPMENT; TRANSFER OF BUSINESS INCENTIVE FUNCTIONS TO
10 GOVERNOR'S OFFICE

11 SECTION 1.01. The heading to Chapter 481, Government Code,
12 is amended to read as follows:

13 CHAPTER 481. GOVERNOR'S [~~TEXAS DEPARTMENT OF~~] ECONOMIC
14 DEVELOPMENT DIVISION

15 SECTION 1.02. Section 481.001, Government Code, is amended
16 by adding Subdivision (5) to read as follows:

17 (5) "Division" means the Governor's Economic
18 Development Division.

19 SECTION 1.03. Section 481.002, Government Code, is amended
20 to read as follows:

21 Sec. 481.002. DIVISION [~~DEPARTMENT~~]. The Governor's [~~Texas~~
22 ~~Department of~~] Economic Development Division is a trustee program
23 within the office of the governor [~~an agency of the state~~].

24 SECTION 1.04. Section 481.003, Government Code, is amended

1 to read as follows:

2 Sec. 481.003. SUNSET PROVISION. The Governor's [~~Texas~~
3 ~~Department of~~] Economic Development Division is subject to Chapter
4 325 (Texas Sunset Act). Unless continued in existence as provided
5 by that chapter, the division [~~department~~] is abolished and this
6 chapter expires September 1, 2015 [~~2003~~].

7 SECTION 1.05. Section 481.0044(a), Government Code, is
8 amended to read as follows:

9 (a) The governor may [~~governing board shall~~] adopt rules
10 necessary for the administration of division [~~department~~] programs
11 and [~~may adopt rules~~] for its internal management and control.

12 SECTION 1.06. The heading to Section 481.005, Government
13 Code, is amended to read as follows:

14 Sec. 481.005. [~~EXECUTIVE~~] DIRECTOR [~~, GOVERNING BOARD~~
15 ~~DUTIES~~].

16 SECTION 1.07. Section 481.005(a), Government Code, is
17 amended to read as follows:

18 (a) The governor [~~governing board~~] shall appoint a [~~employ~~
19 ~~an executive~~] director of the division [~~department~~] who serves at
20 the pleasure of the governor [~~governing board~~].

21 SECTION 1.08. Section 481.006, Government Code, is amended
22 to read as follows:

23 Sec. 481.006. FUNCTIONS [~~DIVISIONS~~]. (a) The governor may
24 [~~governing board shall~~] establish functions [~~the divisions~~] within
25 the division [~~department~~], which may include:

26 (1) [~~an administrative division,~~
27 [~~(2) an~~] information and referral services

1 ~~[division];~~

2 (2) ~~[(3) a]~~ research and data services ~~[division];~~

3 (3) ~~[(4) a]~~ business development ~~[division];~~

4 (4) ~~[(5) an]~~ international trade development
5 ~~[division]; and~~

6 (5) ~~[(6) a]~~ promotion and marketing ~~[division; and~~
7 ~~[(7) a tourism division].~~

8 (b) The governor may ~~[executive director shall]~~ staff and
9 assign duties ~~[to the divisions]~~ to carry out the division's
10 ~~[department's]~~ functions.

11 SECTION 1.09. Sections 481.0065(a) and (e), Government
12 Code, are amended to read as follows:

13 (a) The governor may ~~[department shall:~~

14 ~~[(1)]~~ establish and maintain an Office of Defense
15 Affairs within the office of the governor ~~[, and~~

16 ~~[(2) appoint a director to manage the Office of~~
17 ~~Defense Affairs].~~

18 (e) The Office of Defense Affairs shall coordinate an annual
19 meeting with the head of each state agency, members of the Texas
20 Strategic Military Planning Commission, and members of the
21 legislature whose districts contain active, closed, or realigned
22 military installations to discuss the implementation of the
23 recommendations outlined in the annual report ~~[required]~~ under
24 Section 481.011(a)(5) ~~[Subsection (c)]~~.

25 SECTION 1.10. Section 481.0068(a), Government Code, is
26 amended to read as follows:

27 (a) The governor may establish and maintain an Office of

1 Small Business Assistance [~~is an office~~] within the office of the
2 governor to [~~department and shall~~] be headed by a small business
3 advocate designated by the governor. To be eligible to serve as the
4 small business advocate, a person must have demonstrated a strong
5 commitment to and involvement in small business efforts.

6 SECTION 1.11. Section 481.007, Government Code, is amended
7 to read as follows:

8 Sec. 481.007. ADVISORY COMMITTEES. The governor [~~executive~~
9 ~~director or the governing board~~] may appoint advisory committees to
10 assist the governor [~~executive director or the governing board~~] in
11 the performance of the governor's [~~their~~] duties. A member of an
12 advisory committee [~~appointed by the executive director or the~~
13 ~~governing board~~] may not receive compensation for service on the
14 advisory committee. A member appointed under this section is
15 entitled to receive reimbursement, subject to any applicable
16 limitation on reimbursement provided by the General Appropriations
17 Act, for actual and necessary expenses included in performing
18 service as a member of the advisory committee.

19 SECTION 1.12. Section 481.011, Government Code, is amended
20 to read as follows:

21 Sec. 481.011. ANNUAL [~~FISCAL~~] REPORT. (a) The governor
22 [~~executive director~~] shall file annually, with [~~the governor and~~
23 the presiding officer of each house of the legislature and the
24 clerks of the standing committees of the senate and the house of
25 representatives with primary jurisdiction over commerce and
26 economic development, a complete and detailed written report:

27 (1) accounting for all funds received and disbursed by

1 the division [~~department~~] during the preceding fiscal year, [. The
2 annual report must be] in the form [~~and reported in the time]~~
3 provided by the General Appropriations Act;

4 (2) describing the activities and efforts of the
5 governor and the division during the preceding calendar year,
6 including:

7 (A) the efforts of the governor and the division
8 to promote and market the division's economic development programs
9 and services, including the Texas Business and Community Economic
10 Development Clearinghouse; and

11 (B) the efforts of the governor and the division
12 to obtain federal and private funding to accomplish the goals of the
13 division;

14 (3) making recommendations to the legislature on
15 issues related to economic development and the business climate of
16 the state, and assessing the effectiveness of the agreements
17 executed under Section 481.028(b);

18 (4) providing:

19 (A) a list of the properties in this state that
20 are compiled and reported to the division under Section 23.03, Tax
21 Code;

22 (B) a list of the school districts in this state,
23 classified according to the categories established by Sections
24 313.022 and 313.052, Tax Code;

25 (C) a list of prospective projects identified by
26 the division that proposed to invest at least \$100 million in this
27 state, including prospective projects that worked with the division

1 or the governor or of which the division was aware but that located
2 in another state or country;

3 (D) information identifying the other state or
4 country in which a prospective project located and stating the
5 primary reason identified by the division that the prospective
6 project did not locate in this state; and

7 (E) an assessment of the effectiveness of the
8 incentives provided by Chapter 313, Tax Code, accompanied by
9 information on the number of agreements entered into by school
10 districts under that chapter during the preceding biennium, a
11 description of each project covered by an agreement, and the
12 details of the agreement;

13 (5) providing any information compiled by the Office
14 of Defense Affairs relating to active military installations,
15 defense-dependent communities, and defense-related businesses in
16 this state, and including:

17 (A) an economic impact statement describing in
18 detail the effect of the military on the economy of this state;

19 (B) a statewide assessment of active military
20 installations and current missions;

21 (C) a statewide strategy to attract
22 defense-related business and prevent future defense closures and
23 realignments;

24 (D) a list of state and federal activities that
25 have a significant impact on active military installations and
26 current missions;

27 (E) the identification of:

1 (i) the state and federal programs and
2 services that assist defense-dependent communities impacted by
3 military base closures or realignments and the efforts to
4 coordinate those programs; and

5 (ii) the efforts to coordinate state agency
6 programs and services that assist defense-dependent communities in
7 retaining active military installations and current missions;

8 (F) an evaluation of initiatives to retain
9 existing defense-related businesses; and

10 (G) a list of agencies with regulations,
11 policies, programs, or services that impact the operating costs or
12 strategic value of federal military installations and activities in
13 the state;

14 (6) containing specific information regarding any
15 functions performed by the Office of Small Business Assistance,
16 including recommendations regarding issues that affect small
17 businesses of the state;

18 (7) providing updated results of the survey of tax
19 incentive laws and economic development laws under Section
20 481.168(a), including recommendations for legislative action;

21 (8) describing the division's efforts during the
22 preceding calendar year in promoting the linked deposit program
23 under Section 481.198; and

24 (9) providing the status of the capital access
25 program.

26 (b) The comptroller shall assist the governor in complying
27 with Subsection (a)(4).

1 (c) State agencies shall cooperate with and assist the
2 governor in the preparation of the information included in the
3 report under Subsection (a)(5), including providing information
4 about regulations, policies, programs, and services that may impact
5 defense-dependent communities, defense-related businesses, and the
6 viability of existing Texas military missions.

7 (d) An interested person, including a trade association,
8 may provide information the person considers useful or relevant to
9 the information included in the report under Subsection (a)(7). A
10 state agency, on request, shall assist in preparing information
11 included in the report under Subsection (a)(7).

12 (e) The governor shall submit the report under this section
13 on or before September 1 of each year.

14 SECTION 1.13. Section 481.012, Government Code, is amended
15 to read as follows:

16 Sec. 481.012. PUBLIC INTEREST INFORMATION AND COMPLAINTS.

17 (a) The division [~~department~~] shall prepare information of public
18 interest describing the functions of the division [~~department~~] and
19 the division's [~~department's~~] procedures by which complaints are
20 filed with and resolved by the division [~~department~~]. The division
21 [~~department~~] shall make the information available to the public and
22 appropriate state agencies.

23 (b) The division [~~department~~] shall keep an information
24 file about each complaint filed with the division [~~department~~] that
25 the division [~~department~~] has authority to resolve. If a written
26 complaint is filed with the division [~~department~~] that the division
27 [~~department~~] has authority to resolve, the division [~~department~~],

1 at least quarterly and until final disposition of the complaint,
2 shall notify the parties to the complaint of the status of the
3 complaint unless the notice would jeopardize an undercover
4 investigation.

5 (c) The governor may [~~governing board shall~~] prepare and
6 maintain a written plan that describes how a person who does not
7 speak English can be provided reasonable access to the division's
8 [~~department's~~] programs. The division [~~governing board~~] shall also
9 comply with federal and state laws for program and facility
10 accessibility.

11 (d) The governor [~~governing board~~] by rule may [~~shall~~]
12 establish methods by which consumers and service recipients are
13 notified of the name, mailing address, and telephone number of the
14 division [~~department~~] for the purpose of directing complaints to
15 the division [~~department~~].

16 SECTION 1.14. The heading to Subchapter B, Chapter 481,
17 Government Code, is amended to read as follows:

18 SUBCHAPTER B. GENERAL POWERS AND DUTIES OF DIVISION [~~DEPARTMENT~~]

19 SECTION 1.15. Section 481.021, Government Code, is amended
20 to read as follows:

21 Sec. 481.021. GENERAL POWERS OF DIVISION [~~DEPARTMENT~~]. (a)
22 The division [~~department~~] may:

23 (1) [~~adopt and enforce rules necessary to carry out~~
24 ~~this chapter,~~

25 [~~(2) adopt and~~] use an official seal adopted by the
26 governor;

27 (2) [~~(3)~~] accept gifts, grants, or loans from and

1 contract with any entity;

2 (3) [~~(4)~~] sue and be sued;

3 (4) [~~(5)~~] acquire and convey property or an interest
4 in property;

5 (5) [~~(6)~~] procure insurance and pay premiums on
6 insurance of any type, in accounts, and from insurers as the
7 governor [~~department~~] considers necessary and advisable to
8 accomplish any of the division's [~~department's~~] purposes;

9 (6) [~~(7)~~] hold patents, copyrights, trademarks, or
10 other evidence of protection or exclusivity issued under the laws
11 of the United States, any state, or any nation and may enter into
12 license agreements with any third parties for the receipt of fees,
13 royalties, or other monetary or nonmonetary value;

14 (7) [~~(8)~~] sell advertisements in any medium; and

15 (8) [~~(9)~~] exercise any other power necessary to carry
16 out this chapter at the direction of the governor.

17 (b) Except as otherwise provided by this chapter, money paid
18 to the division [~~department~~] under this chapter shall be deposited
19 in the state treasury.

20 (c) The division [~~department~~] shall deposit contributions
21 from private sources in a separate fund kept and held in escrow and
22 in trust by the comptroller for and on behalf of the division
23 [~~department~~] as funds held outside the treasury under Section
24 404.073, and the money contributed shall be used to carry out the
25 purposes of the division [~~department~~] and, to the extent possible,
26 the purposes specified by the donors. The comptroller may invest
27 and reinvest the money, pending its use, in the fund in investments

1 authorized by law for state funds that the comptroller considers
2 appropriate.

3 SECTION 1.16. Section 481.022, Government Code, is amended
4 to read as follows:

5 Sec. 481.022. GENERAL DUTIES OF DIVISION [~~DEPARTMENT~~]. The
6 division, at the direction of the governor, [~~department~~] shall:

7 (1) facilitate the location, expansion, and retention
8 of domestic and international business investment to the state;

9 (2) provide statewide toll-free information and
10 referrals for business and community economic development;

11 (3) promote and administer business and community
12 economic development programs and services in the state;

13 (4) provide to businesses in the state assistance with
14 exporting products and services to international markets;

15 (5) [~~promote the state as a premier tourist and~~
16 ~~business travel destination,~~

17 [~~(6)~~] provide businesses and local communities with
18 timely and useful research and data services;

19 (6) [~~(7)~~] aggressively market and promote the
20 business climate in the state and the state economic development
21 business assistance programs and services through the use of
22 available media and resources, including the Internet; and

23 (7) [~~(8)~~] seek funding of division [~~the department~~]
24 programs and activities from federal, state, and private sources.

25 SECTION 1.17. Section 481.023, Government Code, is amended
26 to read as follows:

27 Sec. 481.023. ADMINISTRATION OF OTHER STATUTES. (a) The

1 division [~~department~~] shall perform the administrative duties
2 formerly assigned to the Texas Department of Economic Development
3 [~~prescribed~~] under:

- 4 (1) Chapter 1433; and
5 (2) the Development Corporation Act of 1979 (Article
6 5190.6, Vernon's Texas Civil Statutes).

7 (b) The division [~~department~~] shall perform the
8 administrative duties formerly assigned to the Texas Department of
9 Economic Development, the Texas Economic Development Commission,
10 and the Enterprise Zone Board under Chapter 2303.

11 (c) The division [~~department~~] may not use money from the
12 general revenue fund to support the Texas leverage fund.

13 SECTION 1.18. Section 481.0231, Government Code, is amended
14 to read as follows:

15 Sec. 481.0231. DEVELOPMENT CORPORATION TRAINING SEMINAR.

16 (a) The division [~~department~~], under the direction of the governor
17 and in conjunction with the attorney general and the comptroller,
18 shall [~~by rule~~] develop a training seminar to ensure that the
19 officers of a corporation created by a municipality or county
20 under, and the officials of the municipality or county that created
21 a corporation under, the Development Corporation Act of 1979
22 (Article 5190.6, Vernon's Texas Civil Statutes) properly and
23 legally operate the corporation and administer a tax imposed for
24 the benefit of the corporation.

25 (b) The division [~~department~~] may include in the seminar any
26 information regarding training programs offered by the division
27 [~~department~~], the attorney general, or the comptroller that would

1 assist a person attending the seminar with the operation and
2 administration of a development corporation.

3 (c) The division [~~department~~] shall issue a certificate of
4 completion to each person who completes the training seminar.

5 (d) The division [~~department~~] shall hold the training
6 seminars in different regions in the state for the convenience of
7 persons required to complete the training seminar under Section 39,
8 Development Corporation Act of 1979 (Article 5190.6, Vernon's Texas
9 Civil Statutes).

10 (e) The governor [~~department~~] may enter into an agreement
11 for the provision of a training seminar developed by the division
12 under this section by any person determined by the governor
13 [~~department~~] to be qualified to provide the training seminar. A
14 person who provides a training seminar under this subsection may
15 charge a reasonable fee for attending the seminar.

16 SECTION 1.19. Sections 481.024(a), (e), and (f), Government
17 Code, are amended to read as follows:

18 (a) The Texas Economic Development Corporation on behalf of
19 the state shall carry out the public purposes of this chapter. The
20 creation of the corporation does not limit or impair the rights,
21 powers, and duties of the division [~~department~~] provided by this
22 chapter. The corporate existence of the Texas Economic Development
23 Corporation begins on the issuance of a certificate of
24 incorporation by the secretary of state. The governor shall
25 appoint [~~members of the governing board serve ex officio as~~] the
26 board of directors of the corporation. The corporation has the
27 powers and is subject to the limitations provided for the division

1 ~~[department]~~ by this chapter in carrying out the public purposes of
2 this chapter. The corporation has the rights and powers of a
3 nonprofit corporation incorporated under the Texas Non-Profit
4 Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil
5 Statutes) except to the extent inconsistent with this section. The
6 corporation may contract with the division ~~[department]~~ and with
7 bond counsel, financial advisors, or underwriters as its board of
8 directors considers necessary.

9 (e) If the board of directors by resolution determines that
10 the purposes for which the corporation was formed have been
11 substantially complied with and that all bonds issued by the
12 corporation have been fully paid, the board of directors shall
13 dissolve the corporation. On dissolution, the title to all funds
14 and properties then owned by the corporation shall be transferred
15 to the division ~~[department]~~.

16 (f) The Texas Economic Development Corporation and any
17 other corporation whose charter specifically dedicates the
18 corporation's activities to the benefit of the division or the
19 Texas Department of Economic Development or its predecessor agency
20 shall file an annual report of the financial activity of the
21 corporation. The annual report shall be filed prior to the 90th day
22 after the last day for the corporation's fiscal year and shall be
23 prepared in accordance with generally accepted accounting
24 principles. The report must include a statement of support,
25 revenue, and expenses and change in fund balances, a statement of
26 functional expenses, and balance sheets for all funds.

27 SECTION 1.20. Section 481.025, Government Code, is amended

1 to read as follows:

2 Sec. 481.025. EMPOWERMENT ZONE AND ENTERPRISE COMMUNITY
3 PROGRAM. The division [~~department~~] is [~~the agency of this state~~]
4 responsible for administering the Empowerment Zone and Enterprise
5 Community grant program in this state. The division [~~department~~]
6 shall cooperate with appropriate federal and local agencies as
7 necessary to administer the grant program.

8 SECTION 1.21. Sections 481.027(a)-(e), Government Code, are
9 amended to read as follows:

10 (a) The division [~~department~~] shall maintain and operate
11 offices in foreign countries for the purposes of promoting
12 investment that generates jobs in Texas, exporting of Texas
13 products, tourism, and international relations for Texas. The
14 offices shall be named "The State of Texas" offices. To the extent
15 permitted by law, [~~other~~] state agencies that conduct business in
16 foreign countries may place staff in the offices established by the
17 division [~~department~~] and share the overhead and operating expenses
18 of the offices. The governor shall direct [~~Other~~] state agencies
19 and the division to [~~department may~~] enter into interagency
20 contracts for this purpose. Chapter 771 does not apply to those
21 contracts. Any purchase for local procurement or contract in
22 excess of \$5,000 shall be approved by the governor [~~executive~~
23 ~~director~~] prior to its execution.

24 (b) The offices shall be accessible to Texas-based
25 institutions of higher education and their nonprofit affiliates for
26 the purposes of fostering Texas science, technology, and research
27 development, international trade and investment, and cultural

1 exchange. The division [~~department~~] and the institutions may enter
2 contracts for this purpose. Chapter 771 does not apply to those
3 contracts.

4 (c) The division [~~department~~] shall maintain regional
5 offices in locations specified in the General Appropriations Act.

6 (d) The division [~~department~~] may collect fees for the use
7 of the offices from public and private entities except that any
8 payments by a state agency are governed by any interagency contract
9 under Subsection (a). The fees may be used only to expand, develop,
10 and operate offices under this section.

11 (e) Chapter 2175 applies to the operation and maintenance of
12 the offices. No other provisions of Subtitle D, Title 10, apply to
13 the operation and maintenance of the offices, or to transactions of
14 the division [~~department~~] that are authorized by this section.

15 SECTION 1.22. Sections 481.028(a), (b), and (d), Government
16 Code, are amended to read as follows:

17 (a) The governor [~~department~~] shall initiate negotiations
18 for and establish [~~enter into~~] a memorandum of understanding with
19 any [~~other~~] state agency involved in economic development to
20 cooperate in program planning and budgeting.

21 (b) The governor shall establish [~~department shall enter~~
22 ~~into~~] an agreement as required by Subsection (a) with the:

23 (1) Department of Agriculture regarding [~~each~~
24 ~~agency's~~] international marketing efforts and business finance
25 programs;

26 (2) Texas Workforce Commission regarding the skills
27 development fund, and the dissemination of employment-related

1 data, statistics, and analyses, and the use of field offices to
2 distribute information of interest to businesses and communities in
3 the state~~[, including applications for Smart Jobs grants];~~

4 (3) General Land Office regarding ~~[each agency's]~~
5 rural economic development efforts;

6 (4) Texas Department of Housing and Community Affairs
7 regarding ~~[each agency's]~~ community development programs;

8 (5) ~~[Texas Department of Transportation and Parks and
9 Wildlife Department regarding each agency's efforts to promote
10 tourism;~~

11 ~~[(6)]~~ Texas ~~[Natural Resource Conservation]~~
12 Commission on Environmental Quality regarding small business
13 finance and permits, the marketing of recyclable products, and
14 business permits;

15 (6) ~~[(7)]~~ office of the comptroller regarding the
16 dissemination of economic data, statistics, and analyses and the
17 use of field offices to distribute information to businesses and
18 local communities in the state;

19 (7) ~~[(8)]~~ Texas Historical Commission regarding
20 community preservation, restoration, and revitalization;

21 (8) ~~[(9)]~~ Texas Building and Procurement ~~[General
22 Services]~~ Commission regarding providing procurement information,
23 certification, and technical assistance to small and historically
24 underutilized businesses;

25 (9) ~~[(10)]~~ Alternative Fuels Council regarding the
26 promotion of alternative fuels;

27 (10) ~~[(11)]~~ institutions of higher education

1 regarding work force development, literacy, and technology
2 transfer; and

3 (11) [~~(12)~~] Texas Agricultural Finance Authority
4 regarding the marketing and promotion of the programs administered
5 by the authority.

6 (d) The memorandum of understanding between the governor
7 [~~department~~] and the [~~other~~] state agency shall be adopted as a rule
8 of the governor and the [~~each department or~~] agency.

9 SECTION 1.23. Section 481.029, Government Code, is amended
10 to read as follows:

11 Sec. 481.029. COST RECOVERY. The division, at the
12 direction of the governor, [~~department~~] shall recover the cost of
13 providing direct technical assistance, management training
14 services, and other services to businesses and communities when
15 reasonable and practical.

16 SECTION 1.24. Section 481.043, Government Code, is amended
17 to read as follows:

18 Sec. 481.043. GENERAL POWERS AND DUTIES RELATING TO
19 INTERNATIONAL TRADE. The division [~~department~~] shall:

20 (1) provide businesses in the state with technical
21 assistance, information, and referrals related to the export of
22 products and services, including export finance and international
23 business practices;

24 (2) coordinate the representation of exporters in the
25 state at international trade shows, missions, marts, seminars, and
26 other appropriate promotional venues;

27 (3) cooperate and act in conjunction with other public

1 and private organizations to promote and advance export trade
2 activities in this state; and

3 (4) disseminate trade leads to exporters in the state
4 through the use of the Internet and other available media.

5 SECTION 1.25. Section 481.045, Government Code, is amended
6 to read as follows:

7 Sec. 481.045. POWERS TO BE INTERPRETED BROADLY. The powers
8 of the governor and the division [~~department~~] provided by this
9 subchapter shall be interpreted broadly to effect the purposes of
10 this subchapter. The grant of powers under this subchapter is not a
11 limitation of other powers of the governor and the division
12 [~~department~~].

13 SECTION 1.26. Section 481.047, Government Code, is amended
14 to read as follows:

15 Sec. 481.047. CONFIDENTIALITY. Information collected by
16 the division [~~department~~] concerning the identity, background,
17 finance, marketing plans, trade secrets, or other commercially
18 sensitive information of a lender or export business is
19 confidential unless the lender or export business consents to
20 disclosure of the information.

21 SECTION 1.27. Section 481.071, Government Code, is amended
22 to read as follows:

23 Sec. 481.071. LEGISLATIVE FINDINGS. The legislature finds
24 that:

25 (1) the division [~~department~~] should focus business
26 development efforts on rural areas, the border region, and small
27 business;

1 (2) the measures authorized by this subchapter and the
2 assistance provided by this subchapter, especially with respect to
3 financing, are in the public interest and serve a public purpose of
4 the state;

5 (3) the economic future of Texas and its citizens
6 depends on the ability of businesses to secure low-cost capital
7 that promotes the high-quality jobs that improve the living
8 standards of all Texans; and

9 (4) the division [~~department~~] should actively seek
10 private funding to supplement the division's [~~department's~~]
11 marketing and advertising efforts.

12 SECTION 1.28. Section 481.0725, Government Code, is amended
13 to read as follows:

14 Sec. 481.0725. GENERAL POWERS AND DUTIES. The division, at
15 the direction of the governor, [~~department~~] shall:

16 (1) focus business recruitment, expansion, and
17 retention efforts on industry sectors with the highest potential
18 for creating high-wage, high-skill jobs;

19 (2) provide businesses with site selection assistance
20 and communities with investment leads;

21 (3) develop a comprehensive business recruitment
22 marketing plan;

23 (4) participate in international and domestic trade
24 shows, trade missions, marketing trips, and seminars; and

25 (5) produce and disseminate information through the
26 use of available media and resources, including the Internet, to
27 promote business assistance programs and the overall business

1 climate in the state.

2 SECTION 1.29. Section 481.073, Government Code, is amended
3 to read as follows:

4 Sec. 481.073. POWERS AND DUTIES RELATING TO FINANCING. (a)
5 The division, at the direction of the governor, [~~department~~] shall
6 act on behalf of the state to carry out the public purposes of this
7 subchapter and of the Development Corporation Act. The division
8 [~~department~~] may issue bonds to finance the cost of projects. The
9 bonds may be secured as provided by Section 25(e) of the Development
10 Corporation Act.

11 (b) The governor [~~governing board~~] has the powers that are
12 necessary to accomplish the purposes of this subchapter, including
13 the powers granted to industrial development corporations by
14 Section 23 of the Development Corporation Act, except those
15 provided by Subsections (a)(7), (8), (9), and (10) of that section,
16 and Sections 26, 27, and 29 of that Act.

17 (c) The division, at the direction of the governor,
18 [~~department~~] may:

19 (1) purchase, discount, sell, assign, negotiate, and
20 otherwise dispose of notes, bonds, and other evidences of
21 indebtedness incurred to finance or refinance projects whether
22 secured or unsecured;

23 (2) administer or participate in programs established
24 by another person to finance or refinance projects; and

25 (3) acquire, hold, invest, use, and dispose of the
26 division's [~~department's~~] revenues, funds, and money received from
27 any source under this subchapter and the proceedings authorizing

1 the bonds issued under this subchapter, subject only to the
2 provisions of the Texas Constitution, this subchapter, and any
3 covenants relating to the division's [~~department's~~] bonds in
4 classes of investments that the governor [~~board~~] determines.

5 SECTION 1.30. Section 481.075, Government Code, is amended
6 to read as follows:

7 Sec. 481.075. PROGRAM RULES. (a) The governor may
8 [~~department shall~~] adopt rules to establish criteria for
9 determining which users may participate in programs established by
10 the division [~~department~~] under this subchapter. The governor may
11 [~~department shall~~] adopt collateral or security requirements to
12 ensure the full repayment of any loan, lease, or installment sale
13 and the solvency of any program implemented under this subchapter.
14 The governor [~~governing board~~] must approve all leases and sale and
15 loan agreements made under this subchapter except that the governor
16 [~~governing board~~] may delegate this approval authority to the
17 [~~executive~~] director of the division.

18 (b) Users participating in the programs established under
19 this subchapter shall pay the costs of applying for, participating
20 in, and administering and servicing the program in amounts that the
21 governor [~~department~~] considers reasonable and necessary.

22 SECTION 1.31. Sections 481.087(a) and (b), Government Code,
23 as amended by Chapters 18 and 602, Acts of the 72nd Legislature,
24 Regular Session, 1991, are amended to read as follows:

25 (a) The Texas rural economic development fund is a
26 [~~guaranteed loan~~] fund in the state treasury. The division
27 [~~department~~] may use money in the fund to establish a reserve fund,

1 in an amount determined by the governor [~~department~~] as
2 appropriate, for bonds issued under [~~Subchapter E of~~] this chapter
3 for projects that [~~which~~] are [~~also~~] eligible under this subchapter
4 or to insure and guarantee the bonds in any other manner. [~~Reserve~~
5 ~~funds for the issuance of bonds under Subchapters Q and U may only~~
6 ~~be created on approval of the Product Development Advisory Board or~~
7 ~~the Product Commercialization Advisory Board, as applicable.~~]

8 (b) Appropriations for the implementation and
9 administration of this subchapter, interest paid on money in the
10 fund, investment earnings, and fees shall be deposited in the fund.
11 The division [~~department~~] may [~~also~~] deposit proceeds of bonds
12 [~~funds~~] issued under [~~Subchapter E of~~] this chapter in the fund.

13 SECTION 1.32. Section 481.101, Government Code, is amended
14 to read as follows:

15 Sec. 481.101. COORDINATED ECONOMIC DEVELOPMENT PLAN. The
16 division, under the direction of the governor and [~~department,~~] in
17 consultation with the comptroller, shall develop a coordinated,
18 comprehensive economic development plan to provide for the orderly
19 development and management of economic development in this state.
20 The plan must provide for:

21 (1) establishing goals and standards to measure
22 whether state efforts are having a positive economic effect;

23 (2) tracking benefits and wage and retention
24 performance measures; and

25 (3) reevaluating economic development initiatives
26 that offer fewer benefits in relation to their costs.

27 SECTION 1.33. Section 481.102(b), Government Code, is

1 amended to read as follows:

2 (b) Each fifth following year after 2002, the division,
3 under the direction of the governor and [department] in
4 consultation with the comptroller, shall update the plan.

5 SECTION 1.34. Sections 481.103(a) and (b), Government Code,
6 are amended to read as follows:

7 (a) The state economic development plan shall be a guide to
8 state economic development policy. The division [~~department~~] shall
9 take the plan into consideration in matters coming before it.

10 (b) The division [~~department~~] shall disseminate the plan to
11 local governments and shall encourage the local governments to use
12 the suggested standards to improve efficient allocation and use of
13 economic development resources.

14 SECTION 1.35. Section 481.104, Government Code, is amended
15 to read as follows:

16 Sec. 481.104. RULES. The governor may [~~department by rule~~
17 ~~shall~~] adopt guidance principles for the state economic development
18 plan that reflect the public interest of the entire state,
19 including the needs of rural and urban areas, economically
20 depressed areas, and areas experiencing significant changes in
21 population.

22 SECTION 1.36. Section 481.105, Government Code, is amended
23 to read as follows:

24 Sec. 481.105. DELIVERY OF PLAN AND UPDATES. The division
25 [~~department~~] shall promptly deliver the state economic development
26 plan and each update of the plan to the governor, the lieutenant
27 governor, and the speaker of the house of representatives and

1 present the plan for review to the appropriate legislative
2 committees. The plan and updates must include legislative
3 recommendations that the division [~~department~~] believes are needed
4 and desirable to facilitate more voluntary economic development.

5 SECTION 1.37. Section 481.121(2), Government Code, is
6 amended to read as follows:

7 (2) "Office" means the [~~department's~~] business permit
8 office established under this subchapter.

9 SECTION 1.38. Section 481.122, Government Code, is amended
10 to read as follows:

11 Sec. 481.122. CREATION. The governor may establish and
12 maintain a business permit office [~~is an office~~] within the office
13 of the governor [~~department~~].

14 SECTION 1.39. Section 481.123, Government Code, is amended
15 to read as follows:

16 Sec. 481.123. DUTIES. (a) The office, at the direction of
17 the governor, shall:

18 (1) provide comprehensive information on permits
19 required for business enterprises in the state and make that
20 information available to applicants and other persons;

21 (2) assist applicants in obtaining timely and
22 efficient permit review and in resolving issues arising from the
23 review;

24 (3) facilitate contacts between applicants and state
25 agencies responsible for processing and reviewing permit
26 applications;

27 (4) assist applicants in the resolution of outstanding

1 issues identified by state agencies, including delays experienced
2 in permit review;

3 (5) develop comprehensive application procedures to
4 expedite the permit process;

5 (6) compile a comprehensive list of all permits
6 required of a person desiring to establish, operate, or expand a
7 business enterprise in the state;

8 (7) encourage and facilitate the participation of
9 federal and local government agencies in permit coordination;

10 (8) make recommendations for eliminating,
11 consolidating, simplifying, expediting, or otherwise improving
12 permit procedures affecting business enterprises by requesting
13 that the state auditor, with the advice and support of the office,
14 initiate a business permit reengineering review process involving
15 all state agencies;

16 (9) develop and implement an outreach program to
17 publicize and make small business entrepreneurs and others aware of
18 services provided by the office; and

19 (10) ~~[adopt rules, procedures, instructions, and~~
20 ~~forms required to carry out the functions, powers, and duties of the~~
21 ~~office under this subchapter, and~~

22 [~~11~~] except as provided in Section 481.129, complete
23 the implementation of the business permit review process on or
24 before September 1, 1994, and provide all recommended statutory
25 changes as needed to the legislature on or before January 1, 1995.

26 (b) The governor may adopt rules, procedures, instructions,
27 and forms required to carry out the functions, powers, and duties of

1 the office under this subchapter.

2 SECTION 1.40. Section 481.124(a), Government Code, is
3 amended to read as follows:

4 (a) The governor may direct the office to [~~shall~~] develop
5 and [~~by rule~~] implement a comprehensive application procedure to
6 expedite the identification and processing of required permits.
7 The office shall specify the permits to which the comprehensive
8 application procedure applies. A comprehensive application must be
9 made on a form prescribed by the office. The office shall consult
10 with affected agencies in designing the form to ensure that the form
11 provides the necessary information to allow agencies to identify
12 which permits may be needed by the applicant. The form must be
13 designed primarily for the convenience of an applicant who is
14 required to obtain multiple permits and must provide for concise
15 and specific information necessary to determine which permits are
16 or may be required of the particular applicant.

17 SECTION 1.41. Section 481.1665, Government Code, is
18 redesignated as Section 481.169, Government Code, and amended to
19 read as follows:

20 Sec. 481.169 [~~481.1665~~]. INFORMATION ON PROGRAMS AND
21 SERVICES FOR CERTAIN COMMUNITIES AND ENTITIES. (a) At least once
22 each two-year period, the Texas Business and Community Economic
23 Development Clearinghouse established under Section 481.167 shall
24 provide written notice in English and in Spanish regarding those
25 programs and services described by Section 481.167(b) that will
26 benefit and assist communities and entities that have experienced
27 significant job losses associated with the implementation of the

1 North American Free Trade Agreement (NAFTA). The clearinghouse
2 shall provide the notice to each of the governing bodies of the
3 municipalities and counties, chambers of commerce, small business
4 development centers, and economic development centers located in
5 the border region. The clearinghouse shall also provide the
6 information contained in the notice on the division's
7 [~~department's~~] Internet website.

8 (b) The notice required by Subsection (a) must contain:

9 (1) the Internet address of the division's
10 [~~department's~~] website; and

11 (2) the toll-free telephone number of the
12 clearinghouse.

13 SECTION 1.42. Sections 481.167(a), (d), and (e), Government
14 Code, are amended to read as follows:

15 (a) The governor may [~~department shall~~] establish the Texas
16 Business and Community Economic Development Clearinghouse to
17 provide information and assistance to businesses and communities in
18 the state through the use of a statewide toll-free telephone
19 service.

20 (d) The division [~~department~~] shall obtain from other state
21 agencies appropriate information needed by the division
22 [~~department~~] to carry out its duties under this subchapter.

23 (e) The comptroller shall assist the division [~~department~~]
24 in furthering the purposes of this subchapter by allowing the
25 division [~~department~~] to use the field offices and personnel of the
26 comptroller to disseminate brochures, documents, and other
27 information useful to businesses in the state.

1 SECTION 1.43. Sections 481.168(a), (c), and (d), Government
2 Code, are amended to read as follows:

3 (a) The attorney general, the comptroller, the division
4 [~~Texas Department of Economic Development~~], and the Council on
5 Workforce and Economic Competitiveness shall~~+~~

6 [~~(1)~~] conduct a survey of tax incentive laws and
7 economic development laws enacted in other states since 1990~~+~~ and

8 [~~(2) deliver to the governor, the lieutenant governor,~~
9 ~~and the speaker of the house of representatives a joint report of~~
10 ~~the results of the survey~~].

11 (c) Any interested person, including a trade association,
12 may provide information the person considers useful or relevant to
13 the survey [~~or the joint report~~].

14 (d) Any agency of this state, on request, shall assist in
15 conducting the survey [~~or in preparing the initial joint report or~~
16 ~~an update of the joint report~~].

17 SECTION 1.44. Sections 481.193(a), (b), (d), (e), (f), and
18 (h), Government Code, are amended to read as follows:

19 (a) The governor may [~~department shall~~] establish a linked
20 deposit program to encourage commercial lending for the development
21 of:

- 22 (1) small businesses in enterprise zones;
- 23 (2) historically underutilized businesses;
- 24 (3) child-care services provided by and activities
25 engaged in this state by nonprofit organizations; and
- 26 (4) quality, affordable child-care services in this
27 state.

1 (b) If the governor establishes a linked deposit program
2 under this section, the governor [~~The policy board~~] shall adopt
3 rules for the loan portion of the linked deposit program.

4 (d) After reviewing an application and determining that the
5 applicant is an eligible borrower and is creditworthy, the eligible
6 lending institution shall send the application for a linked deposit
7 loan to the division [~~department~~].

8 (e) The eligible lending institution shall certify the
9 interest rate applicable to the specific eligible borrower and
10 attach it to the application sent to the division [~~department~~].

11 (f) After reviewing each linked deposit loan application,
12 the [~~executive~~] director of the division [~~department~~] shall
13 recommend to the comptroller the acceptance or rejection of the
14 application.

15 (h) Before the placing of a linked deposit, the eligible
16 lending institution and the state, represented by the comptroller
17 and the division [~~department~~], shall enter into a written deposit
18 agreement containing the conditions on which the linked deposit is
19 made. The deposit agreement must provide that:

20 (1) the lending institution notify the comptroller if
21 the borrower to which the deposit is linked defaults on the loan;
22 and

23 (2) in the event of a default the comptroller may
24 withdraw the linked deposit.

25 SECTION 1.45. Section 481.194, Government Code, is amended
26 to read as follows:

27 Sec. 481.194. COMPLIANCE. (a) On acceptance of its

1 application to receive linked deposits, an eligible lending
2 institution shall loan money to an eligible borrower in accordance
3 with the deposit agreement and this subchapter. The eligible
4 lending institution shall forward a compliance report to the
5 division [~~department~~].

6 (b) The division [~~department~~] shall monitor compliance with
7 this subchapter and inform the comptroller of noncompliance on the
8 part of an eligible lending institution.

9 SECTION 1.46. Section 481.198(a), Government Code, is
10 amended to read as follows:

11 (a) The division, at the direction of the governor,
12 [~~department~~] shall promote the linked deposit program established
13 by this subchapter to eligible borrowers and financial institutions
14 that make commercial loans and are depositories of state funds.

15 SECTION 1.47. Section 481.201, Government Code, is amended
16 to read as follows:

17 Sec. 481.201. AGREEMENT WITH HISTORICAL COMMISSION. The
18 Texas Historical Commission shall execute a written agreement with
19 the division [~~department~~] providing for coordination and planning
20 of and giving priority to loans made under the commission's Main
21 Street program.

22 SECTION 1.48. Section 481.211, Government Code, is amended
23 to read as follows:

24 Sec. 481.211. POWERS AND DUTIES. The division, at the
25 direction of the governor, [~~department~~] shall:

26 (1) compile and update demographic and economic
27 information on the state;

1 (2) develop and update information products for local
2 communities on community economic development issues and practices
3 that encourage regional cooperation; and

4 (3) compile and disseminate information on economic
5 and industrial development trends and issues, including NAFTA,
6 emerging industries, and patterns of international trade and
7 investment.

8 SECTION 1.49. Section 481.212, Government Code, is amended
9 to read as follows:

10 Sec. 481.212. COMPILATION AND DISTRIBUTION OF DATA AND
11 RESEARCH. (a) To serve as a one-stop center for business-related
12 information, the division, at the direction of the governor,
13 ~~[department]~~ shall obtain from ~~[other]~~ state agencies and
14 organizations, including the comptroller and the Texas Workforce
15 Commission, business-related statistics and data.

16 (b) To maximize the accessibility of business-related data,
17 the division, at the direction of the governor, ~~[department]~~ shall
18 create a web site to publish business-related information on the
19 Internet. The web site must provide connections to other
20 business-related web sites.

21 (c) The division ~~[department]~~ may charge a reasonable
22 access fee in connection with this subchapter.

23 SECTION 1.50. Section 481.379(b), Government Code, is
24 amended to read as follows:

25 (b) The design committee is composed of members appointed by
26 the governor ~~[executive director]~~ as follows:

27 (1) three members who are employers, representing the

1 business community, including representation of small businesses;

2 (2) three members who are employees, representing the
3 labor community;

4 (3) three members who are high school teachers,
5 representing secondary education, including representation by
6 persons with experience in the federal technical preparatory
7 education programs created under 20 U.S.C. Section 2394b;

8 (4) three members who are faculty members of
9 institutions of higher education, representing higher education,
10 including representation by persons with experience in the federal
11 technical preparatory education programs created under 20 U.S.C.
12 Section 2394b;

13 (5) three members who are training directors from
14 registered United States Department of Labor Bureau of
15 Apprenticeship and Training programs; and

16 (6) three members who are persons who are not eligible
17 for appointment under Subdivisions (1) through (5), representing
18 the general public.

19 SECTION 1.51. Section 481.401(9), Government Code, is
20 amended to read as follows:

21 (9) "Reserve account" means an account established in
22 a participating financial institution on approval of the governor
23 [~~department~~] in which money is deposited to serve as a source of
24 additional revenue to reimburse the financial institution for
25 losses on loans enrolled in the program.

26 SECTION 1.52. Section 481.402(c), Government Code, is
27 amended to read as follows:

1 (c) Money in the fund may be appropriated only to the
2 division [~~department~~] for use in carrying out the purposes of this
3 subchapter.

4 SECTION 1.53. Sections 481.403(a), (b), and (c), Government
5 Code, are amended to read as follows:

6 (a) At the beginning of each fiscal year, the division
7 [~~department~~] shall compute for [~~the Texas exporters loan fund~~
8 ~~established under Subchapter D and~~] the Texas rural economic
9 development fund established under Subchapter F[~~+~~

10 [~~(1) the amount sufficient for that fiscal year to~~
11 ~~cover loan guarantees made under Subchapter D or F, as applicable to~~
12 ~~each fund,~~

13 [~~(2)~~] the amount sufficient for the fiscal year to
14 repay bonds issued [~~under Subchapter D, to carry out the purposes of~~
15 ~~Section 481.059, or~~] for projects that are eligible under
16 Subchapter F[~~, as applicable to each fund, and~~

17 [~~(3) the amount of loan repayments for loans made~~
18 ~~under Subchapter D or F that will be expected to be received during~~
19 ~~the fiscal year, as applicable to each fund].~~

20 (b) At the beginning of each fiscal year, the comptroller
21 [~~for each fund described by Subsection (a)~~] shall subtract the sum
22 of the amount computed by the division [~~department~~] under
23 Subsection (a) [~~Subsections (a)(1) and (a)(2)~~] for the [~~respective~~]
24 fund from the amount in the fund at the beginning of the fiscal
25 year.

26 (c) If a positive amount results from a computation made
27 under Subsection (b), the comptroller shall transfer an amount

1 equal to the computed amount from the fund [~~to which the computation~~
2 ~~relates~~] to the capital access fund.

3 SECTION 1.54. Section 481.404, Government Code, is amended
4 to read as follows:

5 Sec. 481.404. POWERS OF DIVISION [~~DEPARTMENT~~] IN
6 ADMINISTERING CAPITAL ACCESS FUND. In administering the fund, the
7 division [~~department~~] has the powers necessary to carry out the
8 purposes of this subchapter, including the power to:

9 (1) make, execute, and deliver contracts,
10 conveyances, and other instruments necessary to the exercise of its
11 powers;

12 (2) invest money at the governor's [~~department's~~]
13 discretion in obligations determined proper by the governor
14 [~~department~~], and select and use depositories for its money;

15 (3) employ personnel and counsel and pay the persons
16 from money in the fund legally available for that purpose; and

17 (4) impose and collect fees and charges in connection
18 with any transaction and provide for reasonable penalties for
19 delinquent payment of fees or charges.

20 SECTION 1.55. Sections 481.405(a)-(d), Government Code, are
21 amended to read as follows:

22 (a) The governor may [~~department shall~~] establish a capital
23 access program to assist a participating financial institution in
24 making loans to businesses and nonprofit organizations that face
25 barriers in accessing capital.

26 (b) The division, at the direction of the governor,
27 [~~department~~] shall use money in the fund to make a deposit in a

1 participating financial institution's reserve account in an amount
2 specified by this subchapter to be a source of money the institution
3 may receive as reimbursement for losses attributable to loans in
4 the program.

5 (c) The division [~~department~~] shall determine the
6 eligibility of a financial institution to participate in the
7 program and may set a limit on the number of eligible financial
8 institutions that may participate in the program.

9 (d) To participate in the program, an eligible financial
10 institution must enter into a participation agreement with the
11 division [~~department~~] that sets out the terms and conditions under
12 which the division [~~department~~] will make contributions to the
13 institution's reserve account and specifies the criteria for a loan
14 to qualify as a capital access loan.

15 SECTION 1.56. Section 481.406(a), Government Code, is
16 amended to read as follows:

17 (a) If the governor establishes a capital access program
18 under this subchapter, the governor [~~The policy board~~] shall adopt
19 rules relating to the implementation of the program and any other
20 rules necessary to accomplish the purposes of this subchapter. The
21 rules may:

22 (1) provide for criteria under which a certain line of
23 credit issued by an eligible financial institution to a small or
24 medium-sized business or nonprofit organization qualifies to
25 participate in the program; and

26 (2) authorize a consortium of financial institutions
27 to participate in the program subject to common underwriting

1 guidelines.

2 SECTION 1.57. Sections 481.407(a), (b), and (d), Government
3 Code, are amended to read as follows:

4 (a) Except as otherwise provided by this subchapter, the
5 governor or the division [~~department~~] may not determine the
6 recipient, amount, or interest rate of a capital access loan or the
7 fees or other requirements related to the loan.

8 (b) A loan is not eligible to be enrolled under this
9 subchapter if the loan is for:

- 10 (1) construction or purchase of residential housing;
11 (2) simple real estate investments, excluding the
12 development or improvement of commercial real estate occupied by
13 the borrower's business or organization;
14 (3) refinancing of existing loans not originally
15 enrolled under this subchapter; or
16 (4) inside bank transactions, as defined by the
17 governor [~~policy board~~].

18 (d) A capital access loan may be sold on the secondary
19 market under conditions as may be determined by the governor
20 [~~department~~].

21 SECTION 1.58. Sections 481.408(a), (c), and (d), Government
22 Code, are amended to read as follows:

23 (a) On approval by the governor [~~department~~] and after
24 entering into a participation agreement with the division
25 [~~department~~], a participating financial institution making a
26 capital access loan shall establish a reserve account. The reserve
27 account shall be used by the institution only to cover any losses

1 arising from a default of a capital access loan made by the
2 institution under this subchapter or as otherwise provided by this
3 subchapter.

4 (c) For each capital access loan made by a financial
5 institution, the institution shall certify to the division
6 [~~department~~], within the period prescribed by the governor
7 [~~department~~], that the institution has made a capital access loan,
8 the amount the institution has deposited in the reserve account,
9 including the amount of fees received from the borrower, and, if
10 applicable, that the borrower is located in or financing a project,
11 activity, or enterprise in an area designated as an enterprise zone
12 under Chapter 2303.

13 (d) On receipt of a certification made under Subsection (c)
14 and subject to Section 481.409, the division [~~department~~] shall
15 deposit in the institution's reserve account for each capital
16 access loan made by the institution:

17 (1) an amount equal to the amount deposited by the
18 institution for each loan if the institution:

19 (A) has assets of more than \$1 billion; or

20 (B) has previously enrolled loans in the program
21 that in the aggregate are more than \$2 million;

22 (2) an amount equal to 150 percent of the total amount
23 deposited under Subsection (b) for each loan if the institution is
24 not described by Subdivision (1); or

25 (3) notwithstanding Subdivisions (1) and (2), an
26 amount equal to 200 percent of the total amount deposited under
27 Subsection (b) for each loan if:

1 (A) the borrower is located in or financing a
2 project, activity, or enterprise in an area designated as an
3 enterprise zone under Chapter 2303; or

4 (B) the borrower is a small or medium-size
5 business or a nonprofit organization that operates or proposes to
6 operate a day-care center or a group day-care home, as those terms
7 are defined by Section 42.002, Human Resources Code.

8 SECTION 1.59. Section 481.409, Government Code, is amended
9 to read as follows:

10 Sec. 481.409. LIMITATIONS ON STATE CONTRIBUTION TO RESERVE
11 ACCOUNT. (a) The amount deposited by the division [~~department~~]
12 into a participating financial institution's reserve account for
13 any single loan recipient may not exceed \$150,000 during a
14 three-year period.

15 (b) The maximum amount the division [~~department~~] may
16 deposit into a reserve account for each capital access loan made
17 under this subchapter is the lesser of \$35,000 or an amount equal
18 to:

19 (1) eight percent of the loan amount if:

20 (A) the borrower is located in or financing a
21 project, activity, or enterprise in an area designated as an
22 enterprise zone under Chapter 2303; or

23 (B) the borrower is a small or medium-size
24 business or a nonprofit organization that operates or proposes to
25 operate a day-care center or a group day-care home, as those terms
26 are defined by Section 42.002, Human Resources Code; or

27 (2) six percent of the loan amount for any other

1 borrower.

2 SECTION 1.60. Sections 481.410(b)-(d), Government Code, are
3 amended to read as follows:

4 (b) The state is entitled to earn interest on the amount of
5 contributions made by the division [~~department~~], borrower, and
6 institution to a reserve account under this subchapter. The
7 division [~~department~~] shall withdraw monthly or quarterly from a
8 reserve account the amount of the interest earned by the state. The
9 division [~~department~~] shall deposit the amount withdrawn under this
10 subsection into the fund.

11 (c) If the amount in a reserve account exceeds an amount
12 equal to 33 percent of the balance of the financial institution's
13 outstanding capital access loans, the division [~~department~~] may
14 withdraw the excess amount and deposit the amount in the fund. A
15 withdrawal of money authorized under this subsection may not reduce
16 an active reserve account to an amount that is less than \$200,000.

17 (d) The division [~~department~~] shall withdraw from the
18 institution's reserve account the total amount in the account and
19 any interest earned on the account and deposit the amount in the
20 fund when:

21 (1) a financial institution is no longer eligible to
22 participate in the program or a participation agreement entered
23 into under this subchapter expires without renewal by the division
24 [~~department~~] or institution;

25 (2) the financial institution has no outstanding
26 capital access loans; and

27 (3) the financial institution has not made a capital

1 access loan within the preceding 24 months.

2 SECTION 1.61. Section 481.411, Government Code, is amended
3 to read as follows:

4 Sec. 481.411. ANNUAL REPORT. A participating financial
5 institution shall submit an annual report to the division
6 [~~department~~]. The report must:

7 (1) provide information regarding outstanding capital
8 access loans, capital access loan losses, and any other information
9 on capital access loans the division [~~department~~] considers
10 appropriate;

11 (2) state the total amount of loans for which the
12 division [~~department~~] has made a contribution from the fund under
13 this subchapter;

14 (3) include a copy of the institution's most recent
15 financial statement; and

16 (4) include information regarding the type and size of
17 businesses and nonprofit organizations with capital access loans.

18 SECTION 1.62. The heading to Section 481.412, Government
19 Code, is amended to read as follows:

20 Sec. 481.412. [~~REPORTS,~~] AUDITS.

21 SECTION 1.63. Section 481.414, Government Code, is amended
22 to read as follows:

23 Sec. 481.414. GIFTS AND GRANTS. The division [~~department~~]
24 may accept gifts, grants, and donations from any source for the
25 purposes of this subchapter.

26 SECTION 1.64. Section 481.452, Government Code, is amended
27 to read as follows:

1 Sec. 481.452. INITIATIVE UNIT. (a) The governor may
2 establish the Texas-Mexico Commerce and International Relations
3 Initiative Unit.

4 (b) The governor [~~department~~] shall appoint to serve on the
5 unit established under this section [~~Texas-Mexico Commerce and~~
6 ~~International Relations Initiative Unit~~] at least one
7 representative of the division [~~department~~] and at least one
8 representative from the staff of each of the following agencies or
9 offices:

- 10 (1) Texas Department of Health;
- 11 (2) Texas Water Development Board;
- 12 (3) Texas [~~Natural Resource Conservation~~] Commission
13 on Environmental Quality;
- 14 (4) Texas Department of Housing and Community Affairs;
- 15 (5) Health and Human Services Commission;
- 16 (6) Parks and Wildlife Department;
- 17 (7) Texas Department of Transportation;
- 18 (8) Department of Public Safety of the State of Texas;
- 19 (9) office of the secretary of state;
- 20 (10) Department of Agriculture;
- 21 (11) Texas Department of Insurance;
- 22 (12) Railroad Commission of Texas; and
- 23 (13) office of the comptroller.

24 (c) [~~(b)~~] The governor [~~department~~] shall designate one of
25 the members of the initiative unit to serve as the presiding officer
26 of the unit.

27 SECTION 1.65. Section 481.453, Government Code, is amended

1 to read as follows:

2 Sec. 481.453. COORDINATION OF AGENCIES AND OFFICES. The
3 division [~~department~~], with the assistance of the initiative unit,
4 shall coordinate efforts with each of the agencies and offices
5 represented by the initiative unit to:

6 (1) study the trade relations between this state and
7 Mexico and between this state and the states that border this state;
8 and

9 (2) develop and adopt the Texas-Mexico Commerce and
10 International Relations Coordinated Plan to propose a course of
11 action that the state, including the division [~~department~~] and each
12 agency and office represented by the initiative unit, should take.

13 SECTION 1.66. Section 481.454(a), Government Code, is
14 amended to read as follows:

15 (a) The Texas-Mexico Commerce and International Relations
16 Coordinated Plan shall include:

17 (1) short-term recommendations and initiatives that
18 the state, including the division [~~department~~] and each agency and
19 office represented by the initiative unit, may follow after the
20 adoption of the plan for the ensuing:

21 (A) two years; and

22 (B) four years;

23 (2) long-term recommendations and initiatives that
24 the state, including the division [~~department~~] and each agency and
25 office represented by the initiative unit, may follow after the
26 adoption of the plan for the ensuing:

27 (A) five years;

1 (B) 10 years; and

2 (C) 15 years; and

3 (3) recommendations on what the state can do to:

4 (A) increase and improve trade with Mexico and
5 with the states that border this state;

6 (B) increase tourism to and from Mexico and
7 tourism to and from the states that border this state; and

8 (C) address any important trade problems between
9 this state and Mexico identified by the initiative unit.

10 SECTION 1.67. Section 481.455, Government Code, is amended
11 to read as follows:

12 Sec. 481.455. QUARTERLY REPORTS. Each agency and office
13 represented by the initiative unit shall submit quarterly reports
14 to the division [~~department~~] regarding the actions taken by the
15 agency or office on behalf of the initiative unit or in furtherance
16 of a plan or recommendation of the initiative unit, including:

17 (1) the status of projects;

18 (2) the funding of expenditures;

19 (3) the planning and research done;

20 (4) the community and technical assistance provided;

21 (5) the information collected; and

22 (6) the direct role of the agency or office in
23 promoting the economic development of this state through increased
24 trade with and tourism to and from Mexico and the states that border
25 this state.

26 SECTION 1.68. Section 481.456, Government Code, is amended
27 to read as follows:

1 Sec. 481.456. PARTNERSHIP TO UPDATE CLEARINGHOUSE. If the
2 governor has established a Texas Business and Community Economic
3 Development Clearinghouse under Section 481.167, the division [~~The~~
4 ~~department~~] shall form a partnership with the agencies and offices
5 represented by the initiative unit to ensure that the clearinghouse
6 [~~Texas Business and Community Economic Development Clearinghouse~~]
7 has current knowledge of the Texas-Mexico Commerce and
8 International Relations Coordinated Plan and the actions taken by
9 the initiative unit and the agencies and offices represented by the
10 initiative unit.

11 SECTION 1.69. Section 481.459, Government Code, is amended
12 to read as follows:

13 Sec. 481.459. PERFORMANCE OF FUNCTIONS OF DIVISION
14 [~~DEPARTMENT~~]. If a [~~another~~] state agency or office assumes the
15 functions of the division [~~department~~], that agency or office shall
16 perform the functions of the division [~~department~~] under this
17 subchapter.

18 SECTION 1.70. Sections 4(b) and (d), Development
19 Corporation Act of 1979 (Article 5190.6, Vernon's Texas Civil
20 Statutes), are amended to read as follows:

21 (b) There is hereby created the Texas Small Business
22 Industrial Development Corporation which shall act on behalf of the
23 state to carry out the public purposes of this Act. The Texas Small
24 Business Industrial Development Corporation shall be considered to
25 be a corporation within the meaning of this Act, shall be organized
26 and governed in accordance with the provisions of this Act, and
27 shall have all of the powers, and shall be subject to all of the

1 limitations, provided for corporations by this Act, except as
2 otherwise provided by this section. For purposes of this Act, the
3 state shall be considered to be the unit under whose auspices the
4 Texas Small Business Industrial Development Corporation is
5 created. The governor shall appoint [~~and the department shall be~~
6 ~~considered to be~~] the governing body of the corporation. To the
7 extent that the provisions of this section are inconsistent with
8 other provisions of this Act, the provisions of this section shall
9 control as to the existence, powers, limitations, organization,
10 administration, operation, and affairs of the Texas Small Business
11 Industrial Development Corporation.

12 (d) The governor shall appoint [~~members of the board of the~~
13 ~~department shall serve ex officio as~~] the board of directors of the
14 Texas Small Business Industrial Development Corporation.

15 SECTION 1.71. (a) The Texas Department of Economic
16 Development is abolished and the offices of the members of the
17 governing board of the department serving on the effective date of
18 this Act are abolished.

19 (b) The validity of an action taken by the Texas Department
20 of Economic Development or its governing board before it is
21 abolished under Subsection (a) of this section is not affected by
22 the abolishment.

23 SECTION 1.72. On September 1, 2003:

24 (1) a rule, standard, or form adopted by the Texas
25 Department of Economic Development or the department's governing
26 board relating to the promotion of economic development and the
27 establishment of business incentives under Chapter 481, Government

1 Code, or other law, is a rule, standard, or form of the Governor's
2 Economic Development Division and remains in effect until changed
3 by the governor;

4 (2) a reference in law to the Texas Department of
5 Economic Development relating to the promotion of economic
6 development and the establishment of business incentives under
7 Chapter 481, Government Code, or other law, means the Governor's
8 Economic Development Division, and a reference in law to the
9 governing board of the Texas Department of Economic Development
10 means the governor;

11 (3) a proceeding involving the Texas Department of
12 Economic Development relating to the promotion of economic
13 development and the establishment of business incentives under
14 Chapter 481, Government Code, or other law, is transferred without
15 change in status to the Governor's Economic Development Division,
16 and the Governor's Economic Development Division assumes, without a
17 change in status, the position of the Texas Department of Economic
18 Development in a proceeding relating to the promotion of economic
19 development and the establishment of business incentives under
20 Chapter 481, Government Code, or other law, to which the Texas
21 Department of Economic Development is a party;

22 (4) all money, contracts, leases, rights, and
23 obligations of the Texas Department of Economic Development
24 relating to the promotion of economic development and the
25 establishment of business incentives under Chapter 481, Government
26 Code, or other law, are transferred to the Governor's Economic
27 Development Division;

1 (5) all property, including records, in the custody of
2 the Texas Department of Economic Development relating to the
3 promotion of economic development and the establishment of business
4 incentives under Chapter 481, Government Code, or other law,
5 becomes the property of the Governor's Economic Development
6 Division; and

7 (6) all funds appropriated by the legislature to the
8 Texas Department of Economic Development relating to the promotion
9 of economic development and the establishment of business
10 incentives under Chapter 481, Government Code, or other law, are
11 transferred to the Governor's Economic Development Division.

12 SECTION 1.73. (a) The executive director of the Texas
13 Department of Economic Development serving on the effective date of
14 this Act does not automatically become the director of the
15 Governor's Economic Development Division. To become the director
16 of the Governor's Economic Development Division, a person must
17 apply for the position and the person's employment in that capacity
18 must be approved by the governor.

19 (b) An employee of the Texas Department of Economic
20 Development employed on the effective date of this Act who
21 primarily performs duties relating to the promotion of economic
22 development and the establishment of business incentives under
23 Chapter 481, Government Code, or other law, does not automatically
24 become an employee of the Governor's Economic Development Division.
25 To become an employee of the Governor's Economic Development
26 Division, a person must apply for a position at the division and the
27 person's employment in that capacity must be approved by the

1 governor or the governor's designee.

2 SECTION 1.74. A function or activity performed or a program
3 administered by the Texas Department of Economic Development
4 relating to the promotion of economic development and the
5 establishment of business incentives under Chapter 481, Government
6 Code, or other law, is transferred to the Governor's Economic
7 Development Division, at the governor's discretion.

8 SECTION 1.75. Sections 481.001(1) and (4), 481.004,
9 481.0041, 481.0042, 481.0043, 481.0044(b)-(f), 481.005(b)-(d),
10 481.0065(c), 481.0065(d), as added by Chapter 283, Acts of the 76th
11 Legislature, Regular Session, 1999, 481.0068(e), 481.008, 481.010,
12 481.059, 481.077, 481.084, 481.102(a), 481.198(b), and 481.412(a),
13 Government Code, are repealed.

14 ARTICLE 2. CREATION OF TEXAS OFFICE OF TOURISM; CONSOLIDATION OF
15 TOURISM PROMOTION FUNCTIONS

16 SECTION 2.01. Subtitle F, Title 4, Government Code, is
17 amended by adding Chapter 489 to read as follows:

18 CHAPTER 489. TEXAS OFFICE OF TOURISM

19 Sec. 489.001. DEFINITION. In this chapter, "office" means
20 the Texas Office of Tourism.

21 Sec. 489.002. OFFICE. The Texas Office of Tourism is a
22 trusteed program within the office of the governor.

23 Sec. 489.003. DIRECTOR. The governor shall appoint a
24 director for the office to serve at the pleasure of the governor.

25 Sec. 489.004. RULES. The governor may adopt rules for the
26 administration of office programs and for its internal management
27 and control.

1 SECTION 2.02. Subchapter L, Chapter 481, Government Code,
2 is transferred to Chapter 489, Government Code, redesignated as
3 Sections 489.005 to 489.008, Government Code, and amended to read
4 as follows:

5 [SUBCHAPTER L. TOURISM]

6 Sec. 489.005 [~~481.171~~]. LEGISLATIVE FINDINGS. The
7 legislature finds that:

8 (1) tourism development and the marketing of this
9 state as a travel destination is essential to the economic
10 well-being and growth of this state and to the full employment,
11 welfare, and prosperity of its citizens; and

12 (2) the measures authorized by this chapter
13 [~~subchapter~~] in promoting tourism are in the public interest and
14 serve a public purpose of the state in promoting the welfare of the
15 citizens of this state economically.

16 Sec. 489.006 [~~481.172~~]. GENERAL DUTIES. The office, at the
17 direction of the governor, [department] shall:

18 (1) promote and advertise within the United States and
19 in foreign countries, by radio, television, newspaper, the
20 Internet, and other means considered appropriate, tourism in this
21 state by non-Texans, including persons from foreign countries, and
22 distribute promotional materials through appropriate distribution
23 channels;

24 (2) represent the state in domestic and international
25 travel trade shows, trade missions, and seminars;

26 (3) encourage travel by Texans to this state's scenic,
27 historical, natural, agricultural, educational, recreational, and

1 other attractions;

2 (4) conduct a public relations campaign to create a
3 responsible and accurate national and international image of this
4 state;

5 (5) use current market research to develop a tourism
6 marketing plan to increase travel to the state by domestic and
7 international visitors;

8 (6) develop methods to attract tourist attractions to
9 the state;

10 (7) assist communities to develop tourist
11 attractions; ~~and~~

12 (8) provide policy direction to ensure that ~~cooperate~~
13 ~~fully with~~ the Parks and Wildlife Department, ~~the Texas~~
14 ~~Department of Transportation,~~ the Texas Historical Commission,
15 and the Texas Commission on the Arts promote ~~in all matters~~
16 ~~relating to promotion of~~ tourism in a manner consistent with the
17 policy developed by the governor; and

18 (9) ~~(8)~~ promote and encourage the horse racing and
19 greyhound racing industry, if funds are appropriated for the
20 promotion or encouragement.

21 Sec. 489.007 ~~[481.173]~~. NAME AND PICTURE OF LIVING STATE
22 OFFICIAL. The name or the picture of a living state official may
23 not be used for advertising purposes under this chapter
24 ~~[subchapter]~~.

25 Sec. 489.008 ~~[481.174]~~. ADVERTISEMENTS IN TOURISM
26 PROMOTIONS. (a) The office ~~[department]~~ may sell advertisements
27 in travel promotions in any medium.

1 (b) The governor may [~~governing board shall~~] adopt rules to
2 implement the sale of advertisements under Subsection (a),
3 including rules regulating:

4 (1) the cost of advertisements;

5 (2) the type of products or services that may be
6 advertised;

7 (3) the size of advertisements; and

8 (4) refunds on advertisements that are not run.

9 (c) Proceeds from the sale of advertisements shall be
10 deposited in the special account in the general revenue fund that
11 may be used for advertising and marketing activities of the office
12 [~~department~~] as provided by Section 156.251, Tax Code.

13 SECTION 2.03. Sections 3 and 4, Chapter 193, Acts of the
14 56th Legislature, Regular Session, 1959 (Article 6144e, Vernon's
15 Texas Civil Statutes), are transferred to Chapter 489, Government
16 Code, redesignated as Sections 489.009 to 489.014, Government Code,
17 and amended to read as follows:

18 Sec. 489.009 [~~3~~]. HIGHWAY TOURISM PROMOTION [~~DUTIES OF THE~~
19 ~~TEXAS DEPARTMENT OF TRANSPORTATION~~]. (a) The office, at the
20 direction of the governor, may [~~(1) For the purpose of~~
21 ~~dissemination of information relative to highway construction,~~
22 ~~repair, maintenance, and upkeep, and for the purpose of advertising~~
23 ~~the highways of this state and attracting traffic thereto, the~~
24 ~~Texas Department of Transportation is empowered to] compile and
25 publish for distribution [~~such pamphlets, bulletins, and~~
26 documents, including pamphlets and bulletins, to:~~

27 (1) disseminate information relating to highway

1 construction, repair, maintenance, and upkeep; and

2 (2) advertise the highways of this state and attract
3 traffic to this state.

4 (b) A document compiled or published under Subsection (a)
5 shall contain information relating to:

6 (1) [~~as it will deem necessary and expedient for~~
7 ~~informational and publicity purposes concerning]~~ the highways of
8 this [the] state;

9 (2) [~~, and with respect to]~~ public parks, recreational
10 grounds, scenic places, and other public places [~~and scenic areas]~~
11 or objects of interest;

12 (3) [~~, data as to]~~ distances between places of

13 interest;

14 (4) [~~,]~~ historical facts; or

15 (5) [~~, and]~~ other items or matters of interest and
16 value to the general public and road users.

17 (c) The office, at the direction of the governor, may [~~, and~~
18 ~~said Department is authorized and empowered to]~~ make or cause to be
19 made [~~from time to time a map or]~~ maps showing [~~thereon]~~ the
20 highways of this [the] state and the towns, cities, and other places
21 of interest served and reached by the [said] highways. The office
22 may publish and distribute the maps [~~, and may cause to be printed,~~
23 ~~published, and prepared in such manner or form as the Department may~~
24 ~~deem best, all of such information and data and provide for the~~
25 ~~distribution and dissemination of the same]~~ in a [such] manner [~~and~~
26 ~~method]~~ and to the [such] extent as in the opinion of the governor
27 [~~Department]~~ will best serve the motoring public and road users.

1 (d) The office shall provide single [~~(2)(A) Single~~] copies
2 of pamphlets, documents, maps, and other travel materials
3 distributed by the office [~~Department~~] under this section. The
4 governor [~~Subdivision (1) of this subsection shall be provided free~~
5 ~~of charge, provided that the Department~~] by rule may require the
6 office to collect payment for large quantities of the [~~such~~]
7 materials in an amount sufficient to recover its direct and
8 indirect production costs and may authorize the office to
9 distribute free [~~distribution of~~] multiple copies if the [~~such~~]
10 distribution will maximize the resources of the office [~~Department~~]
11 that are available to advertise the highways of the state and to
12 promote travel to and within the state. Money paid to the office
13 [~~Department~~] under this subsection [~~subdivision~~] shall be
14 deposited in the general revenue fund [~~state treasury to the credit~~
15 ~~of the State Highway Fund to be used by the Department in the~~
16 ~~production of travel materials. Sections 403.094(h) and 403.095,~~
17 ~~Government Code, do not apply to funds deposited in the State~~
18 ~~Highway Fund under this subdivision]~~.

19 Sec. 489.010. OPERATION OF TRAVEL INFORMATION CENTERS. (a)
20 [~~(B) If the provisions of Paragraph (A) of this subdivision~~
21 ~~conflict with the provisions of a license agreement under Article~~
22 ~~6673a-4, Revised Statutes, the license agreement shall prevail to~~
23 ~~the extent of that conflict.~~

24 [~~(3)~~] The office [~~Department~~] shall maintain and
25 operate Travel Information Centers at the principal gateways to
26 this state [~~Texas~~] for the purpose of providing road information,
27 travel guidance, and various descriptive materials, pamphlets, and

1 booklets designed to furnish aid and assistance to the traveling
2 public and stimulate travel to and within this state [~~Texas~~.

3 ~~[(4) The Department is authorized and empowered to pay~~
4 ~~the cost of all administration, operation, and the cost of~~
5 ~~developing and publishing various material and the dissemination~~
6 ~~thereof, including the cost of operating Travel Information Centers~~
7 ~~from highway revenues. The Department is further empowered to~~
8 ~~receive and administer a legislative appropriation from the general~~
9 ~~fund for the specific purpose of purchasing advertising space in~~
10 ~~periodicals of national circulation, and/or time on broadcasting~~
11 ~~facilities].~~

12 (b) The governor shall coordinate with the Texas Department
13 of Transportation to ensure that the employees of the office
14 provide transportation-related functions in concert with the Texas
15 Department of Transportation.

16 Sec. 489.011. POWERS RELATING TO PUBLICATION OF INFORMATION
17 AND ADVERTISING. (a) [(5)] The office, at the direction of the
18 governor, may enter into a contract:

19 (1) [Department shall have the power to enter into
20 contracts] with a recognized and financially responsible
21 advertising agency, having a minimum of five years of experience in
22 handling accounts of similar scope;

23 (2) [~~and~~] for [the contracting of] space in
24 magazines, papers, and periodicals for the publication of [such]
25 advertising information, historical facts, statistics and pictures
26 [as will be] useful and informative to persons [~~and corporations~~]
27 outside this state; [~~the State of Texas,~~] and

1 (3) ~~[shall have the power to enter into contracts]~~
2 with motion picture producers and others for the taking of moving or
3 still pictures in this ~~[the]~~ state, and provide for the showing of
4 the films ~~[when taken, and the Department may join with other~~
5 ~~governmental departments of the state in publishing such~~
6 ~~informational publicity matter]~~.

7 (b) The office ~~[Texas Department of Transportation]~~ may
8 accept contributions for the ~~[above]~~ purposes of this chapter from
9 private sources, and may deposit the funds ~~[which funds may be~~
10 ~~deposited]~~ in a bank ~~[or banks]~~ to be used at the discretion of the
11 office, and to the extent practicable, ~~[Department]~~ in compliance
12 with the wishes of the donor.

13 (c) The office, at the direction of the governor, ~~[Texas~~
14 ~~Department of Transportation]~~ may contract with private entities
15 for the production, marketing, and distribution of pamphlets,
16 bulletins, documents, and other travel materials published under
17 this chapter ~~[Subsection (a) of this section]~~ on terms ~~[and~~
18 ~~conditions]~~ considered by the governor ~~[department]~~ to be
19 beneficial to the state, including terms providing cost savings. A
20 contract may include cooperative strategies considered by the
21 governor ~~[department]~~ to be cost-beneficial ~~[and provide for the~~
22 ~~acceptance of paid advertising in the travel materials if the~~
23 ~~quality and quantity of the travel materials is maintained]~~.

24 Sec. 489.012. SALE OF PROMOTIONAL ITEMS. ~~[(d)]~~ The
25 office ~~[Texas Department of Transportation]~~ may sell promotional
26 items such as calendars, books, prints, caps, light clothing, or
27 other items approved by the governor ~~[Texas Transportation~~

1 ~~Commission]~~ as advertising the resources of this state [~~Texas~~].
2 All proceeds from the sale of the items shall be deposited in the
3 general revenue fund [~~state treasury to the credit of the State~~
4 ~~Highway Fund for the use of the department in its travel and~~
5 ~~information operations. Sections 403.094(h) and 403.095,~~
6 ~~Government Code, do not apply to funds deposited in the State~~
7 ~~Highway Fund under this subsection].~~

8 Sec. 489.013. TEXAS HIGHWAYS MAGAZINE. [~~(e)~~] The office
9 [~~Texas Department of Transportation]~~ shall publish the official
10 travel magazine of the State of Texas, Texas Highways, and shall set
11 subscription rates and other charges for the magazine at a level
12 that will generate receipts approximately sufficient to cover the
13 costs incurred in the production and distribution of the magazine.

14 Sec. 489.014 [4]. DISCLOSURE OF TEXAS HIGHWAYS SUBSCRIBER
15 INFORMATION OR PURCHASER INFORMATION. (a) Except as provided by
16 this section or a rule adopted by the governor [~~Texas~~
17 ~~Transportation Commission]~~ under this section, the office [~~Texas~~
18 ~~Department of Transportation]~~ may not disclose to any person the
19 name, address, telephone number, social security account number,
20 driver's license number, bank account number, credit or debit card
21 number, or charge number of a person who:

22 (1) is or has been a subscriber to Texas Highways
23 magazine; or

24 (2) has purchased from the office [~~department]~~ a
25 promotional item described by Section 489.012 [~~3(d) of this~~
26 ~~article]~~.

27 (b) Chapter 552, Government Code, does not apply to

1 subscriber or purchaser information described by Subsection (a) [~~of~~
2 ~~this section~~].

3 (c) The governor [~~Texas Transportation Commission~~] by rule
4 may [~~shall~~] establish policies relating to:

5 (1) the release of subscriber or purchaser
6 information;

7 (2) the use by the office [~~department~~] of subscriber
8 and purchaser information; and

9 (3) the sale of a mailing list containing the names and
10 addresses of subscribers or purchasers.

11 (d) The policies may [~~must~~]:

12 (1) include a method by which a subscriber or
13 purchaser may require the office [~~department~~] to exclude
14 information about the person from a mailing list that is sold; and

15 (2) provide that subscriber or purchaser information
16 be disclosed to an agency of this state or the United States only if
17 the agency certifies that the information is necessary for the
18 performance of the agency's duties.

19 (e) The governor and the office [~~department~~] is immune from
20 civil or criminal liability if the governor or the office
21 [~~department~~] commits an unintentional violation of this section or
22 a rule adopted under this section.

23 (f) In this section, a reference to the office [~~department~~]
24 includes an [~~officer~~ ~~7~~] employee[~~7~~] or agent of the office
25 [~~department~~].

26 SECTION 2.04. (a) On September 1, 2003:

27 (1) all functions and activities performed by the

1 Texas Department of Economic Development relating to the promotion
2 of tourism immediately before that date are transferred to the
3 Texas Office of Tourism;

4 (2) the Tourism Advisory Committee of the Texas
5 Department of Economic Development becomes a committee of the Texas
6 Office of Tourism;

7 (3) a rule adopted by the Texas Department of Economic
8 Development or its governing board relating to the promotion of
9 tourism is a rule of the Texas Office of Tourism and remains in
10 effect until altered by the governor;

11 (4) a reference in law to the Texas Department of
12 Economic Development that relates to functions and activities
13 performed by the department relating to the promotion of tourism
14 means the Texas Office of Tourism, and a reference in law to the
15 governing board of the Texas Department of Economic Development
16 means the governor;

17 (5) a proceeding involving the Texas Department of
18 Economic Development that relates to functions and activities
19 performed by the Texas Department of Economic Development relating
20 to the promotion of tourism is transferred without change in status
21 to the Texas Office of Tourism, and the Texas Office of Tourism
22 assumes without a change in status the position of the Texas
23 Department of Economic Development in a proceeding relating to
24 functions and activities performed by the Texas Department of
25 Economic Development relating to the promotion of tourism, to which
26 the Texas Department of Economic Development is a party;

27 (6) all money, contracts, leases, rights, and

1 obligations of the Texas Department of Economic Development related
2 to functions and activities performed by the department relating to
3 the promotion of tourism are transferred to the Texas Office of
4 Tourism;

5 (7) all property, including records, in the custody of
6 the Texas Department of Economic Development related to functions
7 and activities performed by the department relating to the
8 promotion of tourism becomes property of the Texas Office of
9 Tourism; and

10 (8) all funds appropriated by the legislature to the
11 Texas Department of Economic Development for purposes related to
12 functions and activities performed by the department relating to
13 the promotion of tourism are transferred to the Texas Office of
14 Tourism.

15 (b) On September 1, 2003:

16 (1) all functions and activities performed by the
17 Texas Department of Transportation under Sections 3 and 4, Chapter
18 193, Acts of the 56th Legislature, Regular Session, 1959 (Article
19 6144e, Vernon's Texas Civil Statutes), including the operation of
20 travel information centers, immediately before that date are
21 transferred to the Texas Office of Tourism;

22 (2) a rule adopted by the Texas Department of
23 Transportation under Sections 3 and 4, Chapter 193, Acts of the 56th
24 Legislature, Regular Session, 1959 (Article 6144e, Vernon's Texas
25 Civil Statutes), is a rule of the Texas Office of Tourism and
26 remains in effect until altered by the governor;

27 (3) a reference in law to the Texas Department of

1 Transportation that relates to functions and activities performed
2 by the department under Sections 3 and 4, Chapter 193, Acts of the
3 56th Legislature, Regular Session, 1959 (Article 6144e, Vernon's
4 Texas Civil Statutes), means the Texas Office of Tourism;

5 (4) a proceeding involving the Texas Department of
6 Transportation that is related to functions and activities
7 performed by the department under Sections 3 and 4, Chapter 193,
8 Acts of the 56th Legislature, Regular Session, 1959 (Article 6144e,
9 Vernon's Texas Civil Statutes), is transferred without change in
10 status to the Texas Office of Tourism, and the Texas Office of
11 Tourism assumes without a change in status the position of the Texas
12 Department of Transportation in a proceeding relating to functions
13 and activities performed by the department under Sections 3 and 4,
14 Chapter 193, Acts of the 56th Legislature, Regular Session, 1959
15 (Article 6144e, Vernon's Texas Civil Statutes), to which the
16 department is a party;

17 (5) all money, contracts, leases, rights, and
18 obligations of the Texas Department of Transportation related to
19 functions and activities performed by the department under Sections
20 3 and 4, Chapter 193, Acts of the 56th Legislature, Regular Session,
21 1959 (Article 6144e, Vernon's Texas Civil Statutes), are
22 transferred to the Texas Office of Tourism;

23 (6) all property, including records, in the custody of
24 the Texas Department of Transportation related to functions and
25 activities performed by the department under Sections 3 and 4,
26 Chapter 193, Acts of the 56th Legislature, Regular Session, 1959
27 (Article 6144e, Vernon's Texas Civil Statutes), becomes property of

1 the Texas Office of Tourism; and

2 (7) all funds appropriated by the legislature to the
3 Texas Department of Transportation for purposes related to
4 functions and activities performed by the department under Sections
5 3 and 4, Chapter 193, Acts of the 56th Legislature, Regular Session,
6 1959 (Article 6144e, Vernon's Texas Civil Statutes), are
7 transferred to the Texas Office of Tourism.

8 SECTION 2.05. (a) An employee of the Texas Department of
9 Economic Development employed on the effective date of this Act who
10 primarily performs duties relating to the promotion of tourism does
11 not automatically become an employee of the Texas Office of
12 Tourism. To become an employee of the Texas Office of Tourism, a
13 person must apply for a position at the office and the person's
14 employment in that capacity must be approved by the governor or the
15 governor's designee.

16 (b) An employee of the Texas Department of Transportation
17 employed on the effective date of this Act who primarily performs
18 duties under Sections 3 and 4, Chapter 193, Acts of the 56th
19 Legislature, Regular Session, 1959 (Article 6144e, Vernon's Texas
20 Civil Statutes), including the operation of travel information
21 centers, does not automatically become an employee of the Texas
22 Office of Tourism. To become an employee of the Texas Office of
23 Tourism, a person must apply for a position at the office and the
24 person's employment in that capacity must be approved by the
25 governor or the governor's designee.

26 ARTICLE 3. EFFECTIVE DATE; TRANSITION

27 SECTION 3.01. This Act takes effect September 1, 2003.

1 SECTION 3.02. The governor shall submit the first annual
2 report required by Section 481.011, Government Code, as amended by
3 Article 1 of this Act, on or before September 1, 2004.