

## **BILL ANALYSIS**

Senate Research Center  
79R2828 CLG-D

S.B. 638  
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As Filed

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

S.B. 638 incorporates suggestions from the Senate Finance Committee's Interim Report to the 79th Legislature regarding the Texas Enterprise Fund. Based on the manner in which other states are managing their job creation funds, S.B. 638 directs the Office of Economic Development to prepare fiscal impact models for all projects being considered, establishes reporting requirements, and provides direction on investment methodology to improve recourse.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 481.078, Government Code, by adding Subsection (e-1), to require the governor, in making a grant of money from the Texas Enterprise Fund (fund), to develop a mechanism that gives greater consideration to potential recipients who commit to using grant money to purchase goods and services that result in the creation or retention of jobs in this state.

SECTION 2. Amends Section 481.078, Government Code, by amending Subsection (f) and adding Subsections (g)-(h), as follows:

(f) Requires, rather than authorizes, the governor, before awarding a grant under this section, to enter into a written agreement with the entity to be awarded the grant money specifying certain requirements, which are amended to include that, if the governor finds that the grant recipient has not met each of the job creation targets, wage level targets, and other performance targets specified in the agreement as of a certain date provided in the agreement, the recipient is required to repay the grant and any related interest to the state at the agreed rate and on the agreed terms and the governor will not distribute to the recipient any grant money that remains to be awarded under the agreement.

(g) Authorizes the grant agreement to include a provision providing that a reasonable percentage of the total amount of the grant will be withheld until specified job creation targets, wage level targets, and other performance targets are met by the entity as of the date described by Subsection (f).

(h) Requires the governor, after consultation with the speaker of the house of representatives and the lieutenant governor, to determine certain grant provisions, as required by this Act.

SECTION 3. Amends Subchapter E, Chapter 481, Government Code, by adding Sections 481.079 and 481.080, as follows:

Sec. 481.079. ECONOMIC AND FISCAL IMPACT STATEMENT FOR CERTAIN GRANT PROPOSALS. Requires the Office of Economic Development (office), before the governor awards a grant under Section 481.078, Government Code, to an entity for a proposed initiative, to prepare a statement that, specifically and in detail, assesses the direct and indirect economic impact that approval of the grant will have on the residents of this state. Sets forth specific information required to be included in the statement.

Sec. 481.080. ANNUAL REPORT ON TEXAS ENTERPRISE FUND. Requires the governor, not later than September 1 of each year, to submit to the lieutenant governor, speaker of the house of representatives, and each other member of the legislature, a report on grants made under Section 481.078, Government Code, that includes specific information. Prohibits the report from including information that is made confidential by law and authorizes the governor to require a recipient of a grant under Section 481.078, Government Code, to submit, on a form provided by the governor, any information necessary for completion of the report.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: September 1, 2005.