

BILL ANALYSIS

H.B. 2572
By: Thompson
Economic Development
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The 78th Texas Legislature established the \$295 million Texas Enterprise Fund (TEF) to allow the state to respond quickly and aggressively to opportunities to bring jobs and employers to Texas. The fund can be used for a variety of economic development projects, including infrastructure development, community development, job training programs and business incentives. Before funds can be awarded, the Governor, Lieutenant Governor and Speaker of the House of Representatives must unanimously agree to support the use of the Texas Enterprise Fund for each specific project. According to the Office of the Governor, more than 14,000 new jobs are being created with the help of the TEF to date. Of the contracts already completed, the average rate of return on the TEF investment is 335%. The TEF has allocated \$181 million so far that will have an estimated annual gross state impact of over \$2.2 billion.

However, if a large number of jobs are created which bring in new employees, but do not provide health insurance, local healthcare resources could become strained. By requiring that new jobs created with grants from the Texas Enterprise Fund provide health insurance, the state can help prevent such a strain on local governments. Further requiring health insurance as a condition of receiving a grant from the TEF insures that the jobs created are quality jobs.

Every previous TEF grant recipient has already listed on their application that they do indeed provide health insurance. The purpose of H.B. 2572 is to formally require that these recipients provide health insurance to their employees used in any activity or project funded by the grant.

RULEMAKING AUTHORITY

It is the opinion of the committee that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends Section 481.078, Government Code, by adding Subsection (g-1), which requires a Texas Enterprise Fund grant recipient to provide health insurance to its employees used in any activity or project funded by the grant.

SECTION 2. States the effective date for this Act.

EFFECTIVE DATE

September 1, 2007.