

## **BILL ANALYSIS**

S.B. 637  
By: Van de Putte  
Economic Development  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The Texas Enterprise Fund (fund) was created to attract new jobs and employers to Texas. The fund is intended to create economic development incentives, but there are currently no statutory requirements in place that specify how the grants are to be awarded. More specifically, there is no statute requiring that the incentives be directed to encourage small business development. Applicants are generally judged based upon job creation and wages, capital investments, financial strength, business history, and public and private sector support.

Small businesses create two-thirds of all new jobs in the state, but often small business owners need help in developing their business plans and succeeding. If they were able to receive grant money from the fund, small businesses could more easily establish their role as prominent contributors to the state's economy.

As proposed, S.B. 637 requires the Governor of Texas (governor) to consider the creation, development, and location of small businesses in this state when making grants made from the Texas Enterprise Fund.

### **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. Provides that the well-being of this states' residents and the vital importance of small businesses to the economy of this state requires that it be the policy of this state to encourage the creation and location of small businesses in this state and promote opportunities for those businesses to prosper.

SECTION 2. Amends Section 481.078, Government Code, by adding Subsection (k), to require the governor to consider making grants from the fund to recipients that are small businesses in this state or to recipients that commit to using the grants to create new small businesses in this state or relocate small businesses from outside this state to this state. Defines "small business" for the purposes of this subsection.

SECTION 3. States the effective date for this Act.

### **EFFECTIVE DATE**

September 1, 2007.