

BILL ANALYSIS

C.S.H.B. 394

By: Rose

Technology, Economic Development & Workforce
Committee Report (Substituted)

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 growth.

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. If they were able to receive grant money from the fund, small businesses could more easily continue their role as prominent contributors to the state's economy.

As proposed, C.S.H.B. 394 requires the governor to consider small businesses in this state that commit to create additional jobs or small businesses from outside the state that commit to relocate to this state when making grants from the fund.

RULEMAKING AUTHORITY

It is the committee's opinion 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 vital importance of small businesses to the economy of this state and the well-being of its residents 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 Texas Enterprise Fund (fund) to recipients that are small businesses in this state that commit to using the grants to create additional jobs or small businesses from outside the state that commit to relocate to this state. Defines "small-business."

SECTION 3. Effective date: September 1, 2009.

EFFECTIVE DATE

September 1, 2009.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute modifies the original by removing the provision in the original bill which requires the governor to consider recipients that commit to using Texas Enterprise Fund (fund) grants to create a new small business in this state. The substitute adds new language which requires the governor to consider making grants from the fund to recipients that are small businesses in this state that commit to using the grants to create additional jobs. The substitute also makes conforming changes.