

## **BILL ANALYSIS**

Senate Research Center  
81R37106 E

C.S.H.B. 1277  
By: Button et al. (Deuell)  
Economic Development  
5/25/2009  
Committee Report (Substituted)

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

The Texas Enterprise Fund (fund) may be used for a variety of economic development projects, including infrastructure and community development, job training programs, and business incentives. With the fund's current flexibility and financial resources, these business incentives generally function to close a deal and attract a business to Texas, strengthening the state's economy.

In times of economic stress and high unemployment, however, it is equally important to minimize job loss and retain established businesses. Current statute is unclear as to whether fund resources can be used to incentivize businesses to stay in Texas rather than relocate outside the state.

C.S.H.B. 1277 relates to the fund, including the use of money from the fund, the terms of a grant agreement, and the duties of a grant recipient or an entity that acquires a grant recipient.

### **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. (a) Authorizes money appropriated from the Texas Enterprise Fund (fund) under Section 481.078 (Texas Enterprise Fund), Government Code, for the state fiscal biennium beginning September 1, 2009, and ending August 31, 2011, to be used for incentives to retain businesses in this state that are considering relocating to a location outside of this state, including a location outside of the United States.

(b) Provides that this section expires January 1, 2012.

SECTION 2. Amends Section 481.078, Government Code, by amending Subsection (c) and adding Subsection (m), as follows:

(c) Authorizes the fund, except as provided by Subsection (d) (relating to authorizing the fund to be temporarily used by the comptroller for cash management purposes), to be used only for economic development, infrastructure development, community development, job training programs, and business incentives, including incentives to retain businesses in this state that are considering relocating to a location outside of this state, including a location outside of the United States, subject to Subsection (m).

(m) Provides that this subsection applies only to a state fiscal biennium on the first day of which the unemployment rate for this state, as determined by the federal Bureau of Labor Statistics, is seven percent or more. Authorizes money appropriated from the fund for a state fiscal biennium to which this subsection applies to be used for incentives to retain businesses in this state that are considering relocating to a location outside of this state, including a location outside of the United States.

SECTION 3. Amends Section 481.078, Government Code, by adding Subsections (f-1) and (f-2) as follows:

(f-1) Requires an entity that acquires, by merger, acquisition, or other transfer, ownership or control of a grant recipient to report the change in ownership or control to the governor and comply with the terms and conditions of the grant agreement entered into by the grant recipient and any other requirement imposed on the grant recipient in connection with the grant award.

(f-2) Requires that the grant agreement include a provision regarding the requirements of Subsection (f-1). Requires a grant recipient that is the subject of a merger, acquisition, or other transfer of ownership or control to include language in each contract relating to the transfer that informs the acquiring entity of its duties and obligations under Subsection (f-1).

SECTION 4. Makes application of Sections 481.078(f-1) and (f-2), Government Code, as added by this Act, prospective.

SECTION 5. (a) Effective date, except as provided by Subsection (b) of this section: September 1, 2009.

(b) Effective date, Section 2 of this Act: September 1, 2011.