

BILL ANALYSIS

Senate Research Center
81R23599 CLG-D

H.B. 2531
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Economic Development
5/13/2009
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Emerging Technology Fund was created during the 79th Legislature and is managed by the Office of the Governor. The fund promotes technology-related research and commercialization projects.

According to the Legislative Budget Board's (LBB) "Texas State Government Effectiveness and Efficiency" report, the Office of the Governor made 46 awards from the funding totaling \$85.3 million during the 2006-2007 biennium. During fiscal year 2008, 33 awards were made totaling \$51.8 million. Other states that have similar technology development programs are required to submit annual reports on the performance of the programs, but the State of Texas does not currently have such a requirement. Additionally, under the fund's contracts, the governor may take an equity position in companies that receive commercialization awards. These investments are of a high-risk, high-return nature and warrant additional disclosure.

This legislation, which results from a recommendation by LBB, requires the governor to submit an annual fund report to the legislature that includes performance metrics, such as the aggregate total of private sector investment, federal government funding, and contributions from other sources that are leveraged in connection with a grant from the fund and discloses the names of the companies in which the state has taken an equity position.

H.B. 2531 relates to a reporting requirement regarding the Texas Emerging Technology Fund.

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 Subchapter A, Chapter 490, Government Code, by adding Section 490.005, as follows:

Sec. 490.005. ANNUAL REPORT. (a) Requires the governor, not later than January 1 of each year, to submit to the legislature and post on the office of the governor's Internet website a report that includes certain information regarding the Texas emerging technology fund (fund) for the preceding three state fiscal years.

(b) Requires that the annual report also contain a brief description regarding the intended outcomes of projects funded under Subchapter D (Incentives for Commercialization Activities) during the preceding two state fiscal years and the actual outcomes of all projects funded under Subchapter D during the fund's existence, including any financial impact on the state resulting from a liquidity event involving a company whose project was funded under that subchapter.

(c) Prohibits the report from including information that is made confidential by law.

SECTION 2. Requires the governor, not later than January 1, 2011, to submit the initial report required by Section 490.005, Government Code, as added by this Act.

SECTION 3. Effective date: upon passage or September 1, 2009.