

BILL ANALYSIS

C.S.H.B. 2457
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Economic & Small Business Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, the governor, lieutenant governor, and speaker of the house of representatives must unanimously agree before money from the Texas Enterprise Fund can be awarded, and all three state officials are involved in determining the performance targets to be contained in the grant agreement with an entity to be awarded money from the fund. The grant agreement specifies the number of direct jobs the entity will create and the median wage of those jobs, among other performance targets.

It has been reported that during the recent economic downturn, several grant recipients discovered that they may not expand as rapidly as hoped and that promised jobs may not be delivered as expected. As a result, the governor's office amended several grant agreements, taking into account the projected loss to the economy as a result of those unrealized jobs.

Concerns have been expressed that under the Texas Constitution, the governor, lieutenant governor, and speaker of the house of representatives cannot become deeply involved in contracts and thus, cannot be intimately involved in amending a Texas Enterprise Fund grant agreement. The goal of C.S.H.B. 2457 is to require the governor to provide notification of a grant amendment to the speaker of the house, the lieutenant governor, and the presiding officers of the relevant economic development committees in both chambers of congress before a certain time.

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

C.S.H.B. 2457 amends the Government Code to require the governor, at least 14 days before the governor intends to amend a Texas Enterprise Fund grant agreement, to notify and provide a copy of the proposed amendment to the speaker of the house of representatives, the lieutenant governor, and the presiding officers of the standing committees of both houses of the legislature with primary jurisdiction over economic development.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2457 differs from the original by requiring the governor, at least 14 days before the governor intends to amend a Texas Enterprise Fund grant agreement, to notify and provide a copy of the proposed amendment to the speaker of the house of representatives, the lieutenant governor, and the presiding officers of the standing committees of both legislative houses with

primary jurisdiction over economic development, whereas the original prohibits the governor from amending such an agreement unless the governor has consulted with and obtained the advice of the speaker of the house of representatives and the lieutenant governor regarding the amendment. The substitute omits a saving provision included in the original.