

BILL ANALYSIS

Senate Research Center
83R10442 DDT-D

S.B. 1390
By: Davis
Economic Development
4/8/2013
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Enterprise Fund (enterprise fund) was established in 2003 to bring jobs and investment to the state. As the largest "deal-closing" fund of its kind in the nation, the enterprise fund has invested over \$485 million in 106 projects. Since its inception a decade ago, there has been no external audit to ensure the efficiency, effectiveness, and accountability of the fund.

S.B. 1390 requires the state auditor to conduct an audit to ensure that money from the enterprise fund is disbursed in compliance with the requirements of the code, monitored to determine whether the entities awarded money comply with the terms of the agreements, and maintained in a manner that provides accountability for the proper use of money.

S.B. 1390 also requires the state auditor to prepare a report of the enterprise fund audit no later than January 1, 2015. The report is required to include details on the grant approval process, details on the compliance of past and present recipients, and a synopsis of grant agreements that have been amended to reduce job creation goals.

As proposed, S.B. 1390 amends current law relating to an audit by the state auditor of the Texas Enterprise 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. (a) Requires the state auditor to conduct an audit to determine the efficiency and effectiveness of the Texas Enterprise Fund (enterprise fund) established under Section 481.078 (Texas Enterprise Fund), Government Code.

(b) Requires that the audit, at a minimum, determine whether money from the enterprise fund is efficiently and effectively:

(1) disbursed in compliance with the requirements of the Government Code and other relevant laws or standards;

(2) monitored to determine whether the persons or entities awarded money from the enterprise fund comply with the terms of any applicable agreements and with the requirements of the Government Code and other relevant laws or standards; and

(3) maintained in a manner that provides adequate financial control systems to ensure accountability for the proper use of the disbursed money.

(c) Requires the state auditor to prepare a report of the audit conducted under this section. Requires the state auditor, not later than January 1, 2015, to file the report with the lieutenant governor, the speaker of the house of representatives, and the presiding officer

of each standing committee of the senate and house of representatives having primary jurisdiction over fiscal matters. Requires that the report include:

- (1) details on the grant approval process;
- (2) details on the compliance of past and present grant recipients with the terms of applicable agreements and with the requirements of the Government Code and other relevant laws or standards;
- (3) a synopsis of grant agreements that have been amended to reduce the job creation goals established in the original agreement or to extend the time allotted to achieve job creation goals; and
- (4) an itemization of grant money returned to this state, including a summary of the reasons the money was returned.

SECTION 2. Provides that this Act expires September 1, 2015.

SECTION 3. Effective date: September 1, 2013.