

## **BILL ANALYSIS**

C.S.H.B. 26  
By: Button  
Economic & Small Business Development  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties point out that the emergence of Texas as a leader in job creation is not a coincidence. These parties note that in addition to offering many pro-business policies, Texas offers varied incentive programs to help bring jobs and economic growth to the state. However, the parties believe that more could be done to help further ensure Texas remains a leader in encouraging economic development. C.S.H.B. 26 seeks to address these concerns.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the office of the governor in SECTION 1.01 and the Texas Economic Development and Tourism Office in SECTION 5.01 of this bill.

### **ANALYSIS**

#### **Trusted Programs Within the Office of the Governor**

C.S.H.B. 26 amends the Government Code to require the office of the governor to adopt rules for the operation of the Texas Enterprise Fund relating to the procedures for the application, evaluation, awarding, and monitoring of grants under the fund and relating to document retention and provisions governing the grant agreement and conflict of interest. The bill requires the governor to provide grants to public or private institutions of higher education from the fund to supplement other funding for projects involving the commercialization of intellectual property or other property derived from research developed at or through a public or private institution of higher education. The bill requires a project, to be eligible for such a grant, to be supported by funding provided by one or more private entities participating in the project, in addition to any funding provided by the public or private institution of higher education. The bill caps the amount of such a grant at 50 percent of the total amount of investment in the project provided by the applicable public or private institution of higher education and the participating private entity or entities. The bill changes the date by which the lieutenant governor or speaker of the house of representatives must approve a proposal by the governor to award a grant from the fund, which would be considered disapproved by that officer if not approved by that date, from before the 91st day after the date of receipt of the proposal from the governor to before the 31st day after the date of receipt of the proposal. The bill replaces the requirement of the governor to consider making grants from the fund to appropriate recipients for the purposes of encouraging the development and location of small businesses in Texas with the explicit requirement to make such grants.

C.S.H.B. 26 abolishes the Texas emerging technology fund and the Texas Emerging Technology

Advisory Committee on September 1, 2015. The bill repeals Government Code provisions relating to the establishment and operation of the fund and committee. The bill limits appropriation of any unencumbered balance of the fund to the Texas Research Incentive Program; the Texas research university fund; the governor's university research initiative fund established under the bill's provisions; and the comptroller of public accounts for the purposes of expenses incurred in managing the state's portfolio of equity positions and other investments in connection with awards from the former Texas emerging technology fund in accordance with the bill's provisions. The bill makes the authority of the Texas research university fund to receive such an appropriation contingent on passage and enactment of H.B. 1000, or similar legislation relating to state support for general academic teaching institutions in Texas by the 84th Legislature, Regular Session, 2015, that renames the existing Texas competitive knowledge fund and changes the purposes for which the fund can be used. The bill specifies that the abolishment of the Texas emerging technology fund and the repeal of provisions relating to the fund do not affect the validity of an agreement between the governor and an award recipient or a person to be awarded money that is entered into before September 1, 2015. The bill restricts the use of money that was deposited in the Texas emerging technology fund as a gift, grant, or donation and that is encumbered by the specific terms of the gift, grant, or donation to an expenditure only in accordance with those terms. The bill requires money from the Texas emerging technology fund that is encumbered because the money is awarded or otherwise obligated by agreement before September 1, 2015, but under the terms of the award or agreement will not be distributed until a later date, to be distributed in accordance with the terms of the award or agreement. The bill requires the governor, on the governor's determination that the money will not be distributed in accordance with the terms of the award or agreement, to certify that fact to the comptroller and requires the comptroller, on that certification, to make that money available in the general revenue fund to be used in accordance with legislative appropriation. The bill sets out certain payments or other amounts required to be sent, on or after the bill's effective date, to the comptroller for deposit to the general revenue fund to be used in accordance with legislative appropriation.

C.S.H.B. 26 requires the Texas Treasury Safekeeping Trust Company to manage the state's emerging technology investment portfolio from the former Texas emerging technology fund in a manner that a prudent investor would employ exercising reasonable care, skill, and caution, taking into consideration the investment of all assets of the portfolio. The bill authorizes the trust company to recover its reasonable and necessary costs incurred in the management of the portfolio from the earnings on the investments in the portfolio. The bill requires the trust company to remit to the comptroller for deposit in the general revenue fund any proceeds or other earnings from the sale of stock or other investments in the state's emerging technology investment portfolio, less the amount permitted to be retained for payment of its costs for managing the portfolio. The bill requires the trust company, effective September 1, 2016, and to the maximum extent practicable, to annually perform a valuation of the equity positions the governor took, on behalf of the state, in companies that received awards under the former Texas emerging technology fund and of other investments made by the governor, on behalf of the state, in connection with an award under that fund. The bill requires the valuation to be based on a methodology that is consistent with generally accepted accounting principles. The bill requires the trust company, not later than January 31 of each year, to submit to the lieutenant governor, the speaker of the house of representatives, and the standing committee of each house of the legislature with primary jurisdiction over economic development matters and to post on the trust company's website a report of such a valuation performed during the preceding state fiscal year.

C.S.H.B. 26 revises the governor's requirement to submit and post on the office of the governor's website an annual report relating to awards made under the Texas emerging technology fund during each preceding state fiscal year to instead, in a temporary provision expiring September 1, 2017, require the governor to submit and post, not later than January 31, 2016, a report on awards from the fund that includes, for each preceding state fiscal year, information regarding awards made under the fund.

C.S.H.B. 26 adds temporary provisions, effective September 1, 2016, and expiring September 1,

2030, to require the governor, not later than January 31 of each year, to submit to the lieutenant governor, the speaker of the house of representatives, and the standing committee of each house of the legislature with primary jurisdiction over economic development matters and to post on the office of the governor's website a report that contains certain information regarding awards made under the former Texas emerging technology fund for each preceding state fiscal year. The bill requires the governor to exclude from the report information that is made confidential by law.

C.S.H.B. 26 requires the governor, not later than January 31, 2016, to submit to the lieutenant governor, the speaker of the house of representatives, and the standing committee of each house of the legislature with primary jurisdiction over economic development matters and to post on the office of the governor's website a report of any valuation of certain equity positions taken by the governor, on behalf of the state, during the preceding state fiscal year. The bill requires such a valuation performed for the state fiscal year ending August 31, 2015, to be included with the required report on awards made under the former fund due by January 31, 2016. The bill sets the requirement of the governor to perform such valuations and to submit the reports to expire on September 1, 2016.

C.S.H.B. 26 abolishes, on the bill's effective date, a regional center of innovation and commercialization established under the Texas emerging technology fund. The bill requires each center to transfer to the office of the governor a copy of minutes from any meeting at which applications for funding for commercialization activities were evaluated and requires the governor's office to retain the minutes for at least three years.

C.S.H.B. 26 transfers, on September 1, 2015, from the office of the governor to the Texas Treasury Safekeeping Trust Company all powers, duties, functions, and activities related to equity positions in the form of stock or other security the governor has taken, on behalf of the state, in companies that received awards under the Texas emerging technology fund before September 1, 2015, and all powers, duties, functions, and activities related to other investments made by the governor, on behalf of the state, in connection with an award made under the Texas emerging technology fund before September 1, 2015.

C.S.H.B. 26 establishes that if a conflict exists between this bill and another bill of the 84th Legislature, Regular Session, 2015, that relates to the Texas emerging technology fund, this bill controls without regard to the relative dates of enactment.

C.S.H.B. 26 amends the Agriculture Code and the Labor Code to make conforming changes.

### **Economic Incentive Oversight Board**

C.S.H.B. 26 amends the Government Code to establish the Economic Incentive Oversight Board as an advisory body to be appointed by the speaker of the house of representatives, the lieutenant governor, the comptroller, and the governor as soon as practicable after the bill's effective date. The bill sets out provisions relating to the composition and appointment, presiding officer, compensation, service, and meeting schedule of the board, including provisions relating to conflicts of interests regarding a member. The bill requires the office of the governor to provide administrative support and staff to the board.

C.S.H.B. 26 requires the board to examine the effectiveness and efficiency of programs and funds administered by the office of the governor, the comptroller, or the Department of Agriculture (TDA) that award to business entities and other persons state monetary or tax incentives for which the governor, comptroller, or the TDA has discretion in determining whether or not to award the incentives. The bill requires the board to develop a performance matrix that clearly establishes the economic performance indicators, measures, and metrics that will guide the board's evaluations of those programs and funds and sets out requirements relating to the design of the performance matrix. The bill requires the board to develop a schedule for the periodic review of each state incentive program or fund for the purposes of making

recommendations on whether to continue the program or fund or whether to improve program or fund effectiveness and efficiency. The bill requires the board to review and make recommendations to the legislature regarding each program or fund according to the review schedule. The bill authorizes the board, after conducting a review of the state incentive program or fund, to recommend to the legislative audit committee that an audit of the program or fund be included in the state auditor's audit plan. The bill requires the board, not later than January 1 of each year, beginning with the report due on January 1, 2017, to submit to the lieutenant governor, the speaker of the house of representatives, and each standing committee of the senate and house of representatives with primary jurisdiction over economic development a report containing findings and recommendations resulting from each review of state incentive programs and funds conducted by the board during the preceding calendar year. The bill establishes that the provision of information that is confidential by law to the board does not affect the confidentiality of the information.

### **Online Information and Application System for State Incentives**

C.S.H.B. 26 amends the Government Code to require the Department of Information Resources (DIR) to establish an electronic government project to develop a website accessible through the state electronic Internet portal that: provides a single location that a business entity considering relocating to or expanding in Texas may use to receive information relating to state monetary and tax incentives for which the entity may be qualified; includes an interactive tool that allows a business entity to determine whether the entity may be eligible for any state monetary or tax incentive in Texas; allows, when feasible, the business entity to fill out one application for all state monetary incentives for which the entity may be eligible and all state tax incentives for which the entity may be eligible, other than a tax incentive for which the entity, or a transaction involving the entity, qualifies for by operation of law; and allows, when feasible, for the application to be submitted to each state agency that offers the monetary or tax incentive. The bill requires DIR, in establishing and operating such an electronic government project and in coordination with the Texas Economic Development and Tourism Office (TEDTO) and the comptroller, to direct, coordinate, and assist state agencies in establishing and using a common electronic application and reporting system and a process for improving interagency coordination of information collection and sharing of data relating to monetary and tax incentives and for improving the timeliness, completeness, and quality of applications received by a state agency for monetary and tax incentives.

### **Programs and Funds Administered by the Texas Economic Development Bank**

C.S.H.B. 26 repeals Government Code provisions establishing the business development linked deposit program and Local Government Code provisions establishing the Texas Small Business Industrial Development Corporation.

C.S.H.B. 26 amends the Government Code and the Utilities Code to make conforming changes.

C.S.H.B. 26 requires the Texas Economic Development Bank to reject any application for a linked deposit loan submitted to the bank before the bill's effective date for which a linked deposit has not been made in accordance with the linked deposit program as that program existed immediately before being repealed by the bill. The bill continues the linked deposit program in effect for the limited purpose of allowing the Texas Economic Development Bank to administer linked deposits made before the bill's effective date and to pursue the bank's remedies under the program if a recipient of a loan to which a deposit is linked defaults on the loan or a lending institution that makes a loan for which a linked deposit is made fails to comply with the program. The bill requires the Texas Economic Development Bank, as soon as practicable after the bill's effective date, to send to the comptroller for deposit in the general revenue fund any revenue or other money of the Texas Small Business Industrial Development Corporation held in financial institutions as provided by Local Government Code provisions as they existed immediately before repeal by the bill's provisions.

## **Governor's University Research Initiative**

C.S.H.B. 26 amends the Education Code to create the governor's university research initiative to be administered by TEDTO within the office of the governor. The bill authorizes TEDTO to award matching grants to assist eligible institutions in recruiting distinguished researchers from the governor's university research initiative fund, a dedicated account in the general revenue fund. The bill defines "eligible institution" as a general academic teaching institution or health-related institution. The bill defines "distinguished researcher" as a researcher who is a Nobel laureate or the recipient of an equivalent honor or a member of a national honorific society, such as the National Academy of Sciences, the National Academy of Engineering, or the Institute of Medicine, or an equivalent honorific organization. The bill authorizes TEDTO to adopt any rules TEDTO considers necessary to administer the initiative.

C.S.H.B. 26 establishes that the governor's university research initiative fund consists of amounts appropriated or otherwise allocated or transferred by law to the fund and gifts, grants, and other donations received for the fund. The bill exempts the fund from application of Government Code provisions relating to use of dedicated revenues and the disposition of interest on investments. The bill restricts the use of the fund by TEDTO to the purposes of the initiative, including for necessary expenses incurred in the administration of the fund and the initiative.

C.S.H.B. 26 authorizes an eligible institution to apply to TEDTO for a matching grant from the fund. The bill requires TEDTO, before approval or disapproval of a grant application, to consider the recommendation of the governor's university research initiative advisory board regarding the grant proposal. The bill requires TEDTO, if TEDTO approves a grant application, to award to the applicant institution a grant amount equal to the amount committed by the institution for the recruitment of a distinguished researcher. The bill sets out grant application requirements and authorizes an applicant eligible institution to commit for matching purposes any funds of the institution available for that purpose other than appropriated general revenue. The bill authorizes TEDTO, after fully funding approved grant applications received during an application period for a state fiscal year, to reopen applications for that year and to award the full amount of matching funds from the fund for new applications or to approve previously disapproved applications submitted before the original application deadline for receipt of a reduced grant amount. The bill prohibits a matching grant received by an eligible institution under the initiative from being considered as a basis to reduce, directly or indirectly, the amount of money otherwise appropriated to the institution. The bill prohibits a matching grant from being used by an eligible institution to recruit a distinguished researcher or other employee from another eligible institution or from a private or independent institution of higher education. The bill requires TEDTO to require an application and all supporting documentation to be submitted electronically in the manner prescribed TEDTO.

C.S.H.B. 26 requires TEDTO, in awarding grants, to give priority to certain grant proposals and sets out the proposals to which TEDTO is required to give priority. The bill authorizes TEDTO to award a grant to a proposal that meet certain criteria, sets out additional criteria TEDTO may consider to award a grant, and establishes that a grant proposal should identify a specific distinguished researcher being recruited.

C.S.H.B. 26 makes information collected or obtained by TEDTO or the advisory board concerning the identity of a particular distinguished researcher who is the subject of a grant proposal under the initiative confidential unless the researcher and the applicant eligible institution consent to disclosure of the information. The bill specifies that the information remains confidential until the date, if any, on which the researcher enters into an employment relationship with the recruiting institution as contemplated in the grant proposal.

C.S.H.B. 26 establishes the governor's university research initiative advisory board to assist TEDTO with the review and evaluation of applications for funding of grant proposals under the initiative. The bill requires the advisory board to make recommendations to TEDTO for approval or disapproval of those applications and sets out provisions relating to the size, composition, and

duration of the advisory board. The bill prohibits a member of the advisory board who is or has been employed by, is or has been a party to a contract for any purpose with, or is a student or former student of an applicant eligible institution from being involved in the review, evaluation, or recommendation of a grant proposal made by that institution. The bill explicitly does not require an advisory board member to be a resident of Texas. The bill sets out provisions relating to appointment, member compensation and reimbursement, and board meetings. The bill requires TEDTO to make a final decision regarding approval of a grant application not later than the 14th day after the date the office receives the advisory board's recommendation.

### **Renaming of Major Events Trust Fund**

C.S.H.B. 26 amends Vernon's Texas Civil Statutes to rename the major events trust fund as the Major Events Reimbursement Program.

### **Repealers**

C.S.H.B. 26 repeals Chapter 503, Local Government Code, and the following provisions of the Government Code:

- Subchapter N, Chapter 481
- Sections 490.001(1), (3), and (5)
- Sections 490.002 and 490.003
- Sections 490.051, 490.052, 490.0521, 490.053, 490.054, 490.055, and 490.056
- Subchapters C, D, E, F, and G, Chapter 490

### **EFFECTIVE DATE**

Except as otherwise provided, September 1, 2015.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 26 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

#### INTRODUCED

#### ARTICLE 1. TRUSTEED PROGRAMS WITHIN OFFICE OF GOVERNOR

SECTION 1.01. Section 481.078, Government Code, is amended by amending Subsections (c), (d-1), (e), (e-1), (f), and (k) and adding Subsections (e-2), (e-3), and (m) to read as follows:

(c) Except as provided by Subsections (d) and (d-1), the fund may be used only for:  
(1) economic development, infrastructure development, community development, job training programs, and business incentives;  
and  
(2) projects for commercialization of property derived from research developed at

#### HOUSE COMMITTEE SUBSTITUTE

#### ARTICLE 1. TRUSTEED PROGRAMS WITHIN OFFICE OF GOVERNOR

SECTION 1.01. Section 481.078, Government Code, is amended by amending Subsections (c), (d-1), (e), (e-1), (f), and (k) and adding Subsections (e-2) and (m) to read as follows:

(c) Except as provided by Subsections (d) and (d-1), the fund may be used only for:  
(1) economic development, infrastructure development, community development, job training programs, and business incentives;  
and  
(2) projects for commercialization of property derived from research developed at

or through public or private institutions of higher education as provided by Section 481.081.

(d-1) The fund may be used for the Texas homeless housing and services program administered by the Texas Department of Housing and Community Affairs under Section 2306.2585. The governor may transfer appropriations from the fund to the Texas Department of Housing and Community Affairs to fund the Texas homeless housing and services program. Subsections (e-3) [(e-1)], (f), (f-1), (f-2), (g), (h), (h-1), (i), and (j) and Section 481.080 do not apply to a grant awarded for a purpose specified by this subsection.

(e) The administration of the fund is considered to be a trustee program within the office of the governor. The governor may negotiate on behalf of the state regarding awarding, by grant, money appropriated from the fund.

(e-1) Of the amount of money available in each state fiscal year for distribution from the fund for awarding grants:

(1) 20 percent may be used only for grants to small businesses as provided by Subsection (k);

(2) 15 percent may be used only for grants to public or private institutions of higher education for projects involving commercialization of property as provided by Section 481.081; and

(3) 65 percent may be used only for the other purposes for which money from the fund may be used.

(e-2) The governor may award money appropriated from the fund only with the prior approval of the lieutenant governor and speaker of the house of representatives. For purposes of this subsection, an award of money appropriated from the fund is considered disapproved by the lieutenant governor or speaker of the house of representatives if that officer does not approve the proposal to award the grant before the 91st day after the date of receipt of the proposal from the governor. The lieutenant governor or the speaker of the house of representatives may extend the review deadline applicable to that officer for an additional 14 days by submitting a written notice to that effect to the governor before the expiration of the initial review period.

(e-3) [(e-1)] To be eligible to receive a

or through public or private institutions of higher education as provided by Section 481.081.

(d-1) The fund may be used for the Texas homeless housing and services program administered by the Texas Department of Housing and Community Affairs under Section 2306.2585. The governor may transfer appropriations from the fund to the Texas Department of Housing and Community Affairs to fund the Texas homeless housing and services program. Subsections (e-2) [(e-1)], (f), (f-1), (f-2), (g), (h), (h-1), (i), and (j) and Section 481.080 do not apply to a grant awarded for a purpose specified by this subsection.

(e) The administration of the fund is considered to be a trustee program within the office of the governor. The governor may negotiate on behalf of the state regarding awarding, by grant, money appropriated from the fund.

(e-1) The governor may award money appropriated from the fund only with the prior approval of the lieutenant governor and speaker of the house of representatives. For purposes of this subsection, an award of money appropriated from the fund is considered disapproved by the lieutenant governor or speaker of the house of representatives if that officer does not approve the proposal to award the grant before the 31st [91st] day after the date of receipt of the proposal from the governor. The lieutenant governor or the speaker of the house of representatives may extend the review deadline applicable to that officer for an additional 14 days by submitting a written notice to that effect to the governor before the expiration of the initial review period.

(e-2) [(e-1)] To be eligible to receive a

grant under this section, the entity must:

(1) be in good standing under the laws of the state in which the entity was formed or organized, as evidenced by a certificate issued by the secretary of state or the state official having custody of the records pertaining to entities or other organizations formed under the laws of that state; and

(2) owe no delinquent taxes to a taxing unit of this state.

(f) Before awarding a grant from the fund ~~[under this section]~~, the governor shall enter into a written agreement with the entity to be awarded the grant money. If the entity is awarded a grant for a purpose described by Subsection (c)(1), the agreement must specify ~~[specifying]~~ that:

(1) if the governor finds that the grant recipient has not met each of the performance targets specified in the agreement as of a date certain provided in the agreement:

(A) the recipient shall repay the grant and any related interest to the state at the agreed rate and on the agreed terms;

(B) the governor will not distribute to the recipient any grant money that remains to be awarded under the agreement; and

(C) the governor may assess specified penalties for noncompliance against the recipient;

(2) if all or any portion of the amount of the grant is used to build a capital improvement, the state may:

(A) retain a lien or other interest in the capital improvement in proportion to the percentage of the grant amount used to pay for the capital improvement; and

(B) require the recipient of the grant, if the capital improvement is sold, to:

(i) repay to the state the grant money used to pay for the capital improvement, with interest at the rate and according to the other terms provided by the agreement; and

(ii) share with the state a proportionate amount of any profit realized from the sale; and

(3) if, as of a date certain provided in the agreement, the grant recipient has not used grant money awarded under this section for the purposes for which the grant was intended, the recipient shall repay that amount and any related interest to the state at the agreed rate and on the agreed terms.

(k) To encourage the development and location of small businesses in this state, the

grant under this section, the entity must:

(1) be in good standing under the laws of the state in which the entity was formed or organized, as evidenced by a certificate issued by the secretary of state or the state official having custody of the records pertaining to entities or other organizations formed under the laws of that state; and

(2) owe no delinquent taxes to a taxing unit of this state.

(f) Before awarding a grant from the fund ~~[under this section]~~, the governor shall enter into a written agreement with the entity to be awarded the grant money. If the entity is awarded a grant for a purpose described by Subsection (c)(1), the agreement must specify ~~[specifying]~~ that:

(1) if the governor finds that the grant recipient has not met each of the performance targets specified in the agreement as of a date certain provided in the agreement:

(A) the recipient shall repay the grant and any related interest to the state at the agreed rate and on the agreed terms;

(B) the governor will not distribute to the recipient any grant money that remains to be awarded under the agreement; and

(C) the governor may assess specified penalties for noncompliance against the recipient;

(2) if all or any portion of the amount of the grant is used to build a capital improvement, the state may:

(A) retain a lien or other interest in the capital improvement in proportion to the percentage of the grant amount used to pay for the capital improvement; and

(B) require the recipient of the grant, if the capital improvement is sold, to:

(i) repay to the state the grant money used to pay for the capital improvement, with interest at the rate and according to the other terms provided by the agreement; and

(ii) share with the state a proportionate amount of any profit realized from the sale; and

(3) if, as of a date certain provided in the agreement, the grant recipient has not used grant money awarded under this section for the purposes for which the grant was intended, the recipient shall repay that amount and any related interest to the state at the agreed rate and on the agreed terms.

(k) To encourage the development and location of small businesses in this state, the



governor shall make [~~consider making~~] grants from the fund:

- (1) to recipients that are small businesses in this state that commit to using the grants to create additional jobs;
- (2) to recipients that are small businesses from outside the state that commit to relocate to this state; or
- (3) for individual projects that create 100 or fewer additional jobs.

(m) The office of the governor shall adopt rules for the operation of the trustee program established under this section. The rules must include:

- (1) forms and procedures for applications for and the award of grants;
- (2) procedures for evaluating grant applications;
- (3) provisions governing the grant agreement process;
- (4) methods and procedures for monitoring grant recipients and projects or activities for which a grant is awarded from the fund to determine whether and to what extent the grant recipients comply with job creation performance targets, capital investment commitments, or other specified performance targets in the grant agreement, including requirements that grant recipients provide to the office periodic compliance updates;
- (5) document retention requirements for grant recipients that are consistent with applicable state law; and
- (6) conflict of interest provisions to ensure that persons involved in the operation of the program, including persons involved in evaluating applications for or awarding grants from the fund or in monitoring grant recipients or determining compliance with the terms of grant agreements, do not have a substantial interest in any grant recipient or grant awarded from the fund.

SECTION 1.02. Section 481.079(a-1), Government Code, is amended.

SECTION 1.03. Subchapter E, Chapter 481, Government Code, is amended by adding Section 481.081 to read as follows:

Sec. 481.081. TEXAS ENTERPRISE FUND: GRANT FOR UNIVERSITY RESEARCH DEVELOPMENT WITH PRIVATE SPONSORSHIP. (a) In this

governor shall make [~~consider making~~] grants from the fund:

- (1) to recipients that are small businesses in this state that commit to using the grants to create additional jobs;
- (2) to recipients that are small businesses from outside the state that commit to relocate to this state; or
- (3) for individual projects that create 100 or fewer additional jobs.

(m) The office of the governor shall adopt rules for the operation of the trustee program established under this section. The rules must include:

- (1) forms and procedures for applications for and the award of grants;
- (2) procedures for evaluating grant applications;
- (3) provisions governing the grant agreement process;
- (4) methods and procedures for monitoring grant recipients and projects or activities for which a grant is awarded from the fund to determine whether and to what extent the grant recipients comply with job creation performance targets, capital investment commitments, or other specified performance targets in the grant agreement, including requirements that grant recipients provide to the office periodic compliance updates;
- (5) document retention requirements for grant recipients that are consistent with applicable state law; and
- (6) conflict of interest provisions to ensure that persons involved in the operation of the program, including persons involved in evaluating applications for or awarding grants from the fund or in monitoring grant recipients or determining compliance with the terms of grant agreements, do not have a substantial interest in any grant recipient or grant awarded from the fund.

SECTION 1.02. Same as introduced version.

SECTION 1.03. Subchapter E, Chapter 481, Government Code, is amended by adding Section 481.081 to read as follows:

Sec. 481.081. TEXAS ENTERPRISE FUND: GRANT FOR UNIVERSITY RESEARCH DEVELOPMENT WITH PRIVATE SPONSORSHIP. (a) In this

section:

(1) "Fund" means the Texas Enterprise Fund under Section 481.078.

(2) "Public or private institution of higher education" means an institution of higher education or a private or independent institution of higher education as those terms are defined by Section 61.003, Education Code.

(b) The governor shall provide grants from the fund to supplement other funding for projects involving the commercialization of intellectual property or other property derived from research developed at or through a public or private institution of higher education. To be eligible for a grant under this section, a project must be supported by funding provided by one or more private entities participating in the project, in addition to any funding provided by the public or private institution of higher education.

(c) The amount of a grant awarded under this section may not exceed 50 percent of the total amount of investment in the project provided by the applicable public or private institution of higher education and the participating private entity or entities.

SECTION 1.04. Subchapter G, Chapter 404, Government Code, is amended.

SECTION 1.05. Effective September 1, 2016, Subchapter G, Chapter 404, Government Code, is amended.

SECTION 1.06. The heading to Chapter 490, Government Code, is amended.

SECTION 1.07. Sections 490.001(2) and (4), Government Code, are amended.

SECTION 1.08. The heading to Section 490.005, Government Code, is amended.

SECTION 1.09. Section 490.005, Government Code, is amended.

section:

(1) "Fund" means the Texas Enterprise Fund under Section 481.078.

(2) "Public or private institution of higher education" means an institution of higher education or a private or independent institution of higher education as those terms are defined by Section 61.003, Education Code.

(b) The governor shall provide grants to public or private institutions of higher education from the fund to supplement other funding for projects involving the commercialization of intellectual property or other property derived from research developed at or through a public or private institution of higher education. To be eligible for a grant under this section, a project must be supported by funding provided by one or more private entities participating in the project, in addition to any funding provided by the public or private institution of higher education.

(c) The amount of a grant awarded under this section may not exceed 50 percent of the total amount of investment in the project provided by the applicable public or private institution of higher education and the participating private entity or entities.

SECTION 1.04. Same as introduced version.

SECTION 1.05. Same as introduced version.

SECTION 1.06. Same as introduced version.

SECTION 1.07. Same as introduced version.

SECTION 1.08. Same as introduced version.

SECTION 1.09. Same as introduced version.

SECTION 1.10. Effective September 1, 2016, Subchapter A, Chapter 490, Government Code, is amended.

SECTION 1.10. Same as introduced version.

SECTION 1.11. Section 490.006, Government Code, is amended.

SECTION 1.11. Same as introduced version.

SECTION 1.12. The heading to Subchapter B, Chapter 490, Government Code, is amended.

SECTION 1.12. Same as introduced version.

SECTION 1.13. Section 490.057, Government Code, is amended.

SECTION 1.13. Same as introduced version.

SECTION 1.14. Section 50D.013(a), Agriculture Code, is amended.

SECTION 1.14. Same as introduced version.

SECTION 1.15. Section 203.021(e), Labor Code, is amended.

SECTION 1.15. Same as introduced version.

SECTION 1.16. The following laws are repealed:

SECTION 1.16. Same as introduced version.

- (1) Sections 490.001(1), (3), and (5), Government Code;
- (2) Sections 490.002 and 490.003, Government Code;
- (3) Sections 490.051, 490.052, 490.0521, 490.053, 490.054, 490.055, and 490.056, Government Code; and
- (4) Subchapters C, D, E, F, and G, Chapter 490, Government Code.

SECTION 1.17. (a) On September 1, 2015, the Texas emerging technology fund is abolished and, except as provided by Subsections (c) and (d) of this section, the comptroller shall transfer the unencumbered balance of the fund as follows:

SECTION 1.17. (a) On September 1, 2015, the Texas emerging technology fund is abolished. Any unencumbered balance of the fund may be appropriated only to any of the following:

- (1) 50 percent of the balance to the credit of the Texas Research Incentive Program (TRIP) under Subchapter F, Chapter 62, Education Code; and
- (2) 50 percent of the balance to the credit of the skills development fund program under Chapter 303, Labor Code.

- (1) the Texas Research Incentive Program (TRIP) under Subchapter F, Chapter 62, Education Code;
- (2) the Texas research university fund, subject to Subsection (b) of this section;
- (3) the governor's university research initiative fund established under Subchapter H, Chapter 62, Education Code, as added by this Act; and
- (4) the comptroller for the purposes of expenses incurred in managing the state's portfolio of equity positions and other

(b) The abolishment by this article of the Texas emerging technology fund and the repeal of provisions of Chapter 490, Government Code, relating to that fund do not affect the validity of an agreement between the governor and an award recipient or a person to be awarded money that is entered into under Chapter 490 before September 1, 2015.

(c) Money that was deposited in the Texas emerging technology fund as a gift, grant, or donation under Chapter 490, Government Code, and that is encumbered by the specific terms of the gift, grant, or donation may be spent only in accordance with the terms of the gift, grant, or donation.

(d) Money from the Texas emerging technology fund that is encumbered because the money is awarded or otherwise obligated by agreement before September 1, 2015, but under the terms of the award or agreement will not be distributed until a later date shall be distributed in accordance with the terms of the award or agreement. If the governor determines that the money will not be distributed in accordance with the terms of the award or agreement, the governor shall certify that fact to the comptroller. On that certification, the comptroller shall make that money available in the general revenue fund to be used in accordance with legislative appropriation.

(e) On or after the effective date of this Act, subject to any amounts used to recover costs under Section 404.1031(b), Government Code, as added by this article, the following payments or other amounts shall be sent to the comptroller for deposit to the general revenue fund:

(1) any royalties, revenues, and other

investments in connection with awards from the former Texas emerging technology fund in accordance with Section 404.1031, Government Code, as added by this article.

(b) The authority of the Texas research university fund to receive the appropriation described by Subsection (a) of this section is contingent on passage and enactment of H.B. 1000, or similar legislation relating to state support for general academic teaching institutions in this state by the 84th Legislature, Regular Session, 2015, that renames the existing Texas competitive knowledge fund and changes the purposes for which the fund can be used.

(c) The abolishment by this article of the Texas emerging technology fund and the repeal of provisions of Chapter 490, Government Code, relating to that fund do not affect the validity of an agreement between the governor and an award recipient or a person to be awarded money that is entered into under Chapter 490 before September 1, 2015.

(d) Money that was deposited in the Texas emerging technology fund as a gift, grant, or donation under Chapter 490, Government Code, and that is encumbered by the specific terms of the gift, grant, or donation may be spent only in accordance with the terms of the gift, grant, or donation.

(e) Money from the Texas emerging technology fund that is encumbered because the money is awarded or otherwise obligated by agreement before September 1, 2015, but under the terms of the award or agreement will not be distributed until a later date shall be distributed in accordance with the terms of the award or agreement. If the governor determines that the money will not be distributed in accordance with the terms of the award or agreement, the governor shall certify that fact to the comptroller. On that certification, the comptroller shall make that money available in the general revenue fund to be used in accordance with legislative appropriation.

(f) On or after the effective date of this Act, subject to any amounts used to recover costs under Section 404.1031(b), Government Code, as added by this article, the following payments or other amounts shall be sent to the comptroller for deposit to the general revenue fund to be used in accordance with legislative appropriation:

(1) any royalties, revenues, and other

financial benefits realized from a project undertaken with money from the Texas emerging technology fund, as provided by a contract described by former Section 490.103, Government Code;

(2) any interest or proceeds received as a result of a transaction authorized by former Section 490.101(h), Government Code;

(3) any money returned or repaid to the state by an award recipient pursuant to an agreement entered into under former Section 490.101, Government Code;

(4) any money derived from an interest the state retained in a capital improvement pursuant to an agreement entered into under former Section 490.101, Government Code; and

(5) any fund money returned by an entity that fails to perform an action guaranteed by a contract entered into under former Section 490.154 or 490.203, Government Code.

SECTION 1.18. A regional center of innovation and commercialization established under Section 490.152, Government Code, is abolished on the effective date of this Act. Each center shall transfer to the office of the governor a copy of any meeting minutes required to be retained under Section 490.1521, Government Code, as that section existed immediately before that section's repeal by this article, and the office shall retain the minutes for the period prescribed by that section.

SECTION 1.19. On September 1, 2015, the Texas Emerging Technology Advisory Committee established under Subchapter B, Chapter 490, Government Code, is abolished.

SECTION 1.20. Except as provided by this Act, on September 1, 2015, the following powers, duties, functions, and activities performed by the office of the governor immediately before that date are transferred to the Texas Treasury Safekeeping Trust Company:

(1) all powers, duties, functions, and activities related to equity positions in the form of stock or other security the governor has taken, on behalf of the state, in

financial benefits realized from a project undertaken with money from the Texas emerging technology fund, as provided by a contract described by former Section 490.103, Government Code;

(2) any interest or proceeds received as a result of a transaction authorized by former Section 490.101(h), Government Code;

(3) any money returned or repaid to the state by an award recipient pursuant to an agreement entered into under former Section 490.101, Government Code;

(4) any money derived from an interest the state retained in a capital improvement pursuant to an agreement entered into under former Section 490.101, Government Code; and

(5) any fund money returned by an entity that fails to perform an action guaranteed by a contract entered into under former Section 490.154 or 490.203, Government Code.

SECTION 1.18. Same as introduced version.

SECTION 1.19. Same as introduced version.

SECTION 1.20. Same as introduced version.

companies that received awards under the Texas emerging technology fund before September 1, 2015; and

(2) all powers, duties, functions, and activities related to other investments made by the governor, on behalf of the state, in connection with an award made under the Texas emerging technology fund before September 1, 2015.

SECTION 1.21. If a conflict exists between this Act and another Act of the 84th Legislature, Regular Session, 2015, that relates to the Texas emerging technology fund, this Act controls without regard to the relative dates of enactment.

## ARTICLE 2. ECONOMIC INCENTIVE OVERSIGHT BOARD

SECTION 2.01. Subtitle F, Title 4, Government Code, is amended by adding Chapter 490G to read as follows:

### CHAPTER 490G. ECONOMIC INCENTIVE OVERSIGHT BOARD

#### Sec. 490G.001. DEFINITIONS.

Sec. 490G.002. ESTABLISHMENT AND COMPOSITION. (a) The Economic Incentive Oversight Board is an advisory body composed of ~~nine~~ members as follows:

- (1) ~~three~~ public members appointed by the speaker of the house of representatives, one of whom must be from a rural county;
- (2) ~~three~~ public members appointed by the lieutenant governor, one of whom must be from a rural county;
- (3) two public members appointed by the comptroller; and
- (4) ~~one~~ public member appointed by the governor.

(b) A member of the board serves at the pleasure of the appointing officer.

(c) The board members are entitled to reimbursement for actual and necessary expenses incurred by the members in serving on the board as provided by Chapter

SECTION 1.21. Same as introduced version.

## ARTICLE 2. ECONOMIC INCENTIVE OVERSIGHT BOARD

SECTION 2.01. Subtitle F, Title 4, Government Code, is amended by adding Chapter 490G to read as follows:

### CHAPTER 490G. ECONOMIC INCENTIVE OVERSIGHT BOARD

#### Sec. 490G.001. DEFINITIONS.

Sec. 490G.002. ESTABLISHMENT AND COMPOSITION. (a) The Economic Incentive Oversight Board is an advisory body composed of ~~eight~~ members as follows:

- (1) ~~two~~ public members appointed by the speaker of the house of representatives, one of whom must be from a rural county;
- (2) ~~two~~ public members appointed by the lieutenant governor, one of whom must be from a rural county;
- (3) two public members appointed by the comptroller; and
- (4) ~~two~~ public members appointed by the governor.

(b) In appointing members of the board, each appointing officer shall appoint one member who has expertise in the area of economic development.

(c) A member of the board serves at the pleasure of the appointing officer.

(d) The board members are entitled to reimbursement for actual and necessary expenses incurred by the members in serving on the board as provided by Chapter

660 and the General Appropriations Act.  
(d) The office of the governor shall provide administrative support and staff to the board.

Sec. 490G.003. PRESIDING OFFICER.

Sec. 490G.004. MEETINGS.

Sec. 490G.005. EVALUATION AND RECOMMENDATION FOR APPROVAL OR DISAPPROVAL OF CERTAIN INCENTIVES. (a) The board shall:

(1) evaluate each application for a state monetary or tax incentive of more than \$4 million to be awarded from a program or fund administered by the office of the governor or the comptroller;

(2) determine whether the board will recommend the approval or disapproval of the award of the incentive to the applicant; and

(3) submit a written recommendation for the approval or disapproval of the award of the incentive to the governor, lieutenant governor, or speaker of the house of representatives and, if the application is for an incentive from a program or fund administered by the comptroller, to the comptroller.

(b) Notwithstanding any other law, before awarding a monetary or tax incentive under an application described by Subsection (a)(1), the governor or comptroller shall:

(1) make the application available to the board for purposes of this section; and

(2) consider the board's recommendation concerning approval of the award.

Sec. 490G.006. REVIEW OF CERTAIN STATE INCENTIVE PROGRAMS; PERFORMANCE MATRIX.

(a) The board shall examine the effectiveness of programs and funds administered by the office of the governor or the comptroller that provide state monetary or tax incentives to business entities and other persons.

(b) The board shall develop a performance matrix that clearly establishes the economic performance indicators, measures, and metrics that will guide the board's

660 and the General Appropriations Act.  
(e) The office of the governor shall provide administrative support and staff to the board.

Sec. 490G.003. PRESIDING OFFICER.

Sec. 490G.004. MEETINGS.

No equivalent provision.

Sec. 490G.005. REVIEW OF CERTAIN STATE INCENTIVE PROGRAMS; PERFORMANCE MATRIX.

(a) The board shall examine the effectiveness and efficiency of programs and funds administered by the office of the governor, the comptroller, or the Department of Agriculture that award to business entities and other persons state monetary or tax incentives for which the governor, comptroller, or department has discretion in determining whether or not to award the incentives.

(b) The board shall develop a performance matrix that clearly establishes the economic performance indicators, measures, and metrics that will guide the board's

evaluations of those programs and funds.

(c) The performance matrix must be designed to evaluate, in relation to each business entity or other person that receives a monetary or tax incentive under a program or from a fund described by Subsection (a), the benefits and costs to this state, local governments, and residents of this state that result directly from the economic development activity for which the person received the incentive and indirectly from activities ancillary to that economic development activity.

Sec. 490G.007. SCHEDULE OF REVIEW.

The board shall develop a schedule for the periodic review of each state incentive program described by Section 490G.006 for the purposes of making recommendations on whether to continue the program or whether to improve program effectiveness.

The board shall review and make recommendations to the legislature regarding each program according to the review schedule.

No equivalent provision.

No equivalent provision.

Sec. 490G.008. CONFLICTS OF INTEREST. (a) A member of the board who has a substantial interest in a business entity or other person that applies for or receives a state monetary or tax incentive from a program or fund subject to review by the board shall disclose that interest in

evaluations of those programs and funds.

(c) The performance matrix must be designed to evaluate, in relation to each business entity or other person that receives a state monetary or tax incentive under a program or from a fund described by Subsection (a), the benefits and costs to this state, local governments, and residents of this state that result directly from the economic development activity for which the person received the incentive and indirectly from activities ancillary to that economic development activity.

Sec. 490G.006. SCHEDULE OF REVIEW; RECOMMENDATION TO LEGISLATIVE AUDIT COMMITTEE. (a)

The board shall develop a schedule for the periodic review of each state incentive program or fund described by Section 490G.005 for the purposes of making recommendations on whether to continue the program or fund or whether to improve program or fund effectiveness and efficiency. The board shall review and make recommendations to the legislature regarding each program or fund according to the review schedule.

(b) After conducting a review of a state incentive program or fund under this chapter, the board may recommend to the legislative audit committee that an audit of the program or fund be included in the audit plan under Section 321.013.

Sec. 490G.007. ANNUAL REPORT. Not later than January 1 of each year, the board shall submit to the lieutenant governor, the speaker of the house of representatives, and each standing committee of the senate and house of representatives with primary jurisdiction over economic development a report containing findings and recommendations resulting from each review of state incentive programs and funds conducted by the board under this chapter during the preceding calendar year.

Sec. 490G.008. CONFLICTS OF INTEREST. (a) A member of the board who has a substantial interest in a business entity or other person that previously applied for or received a state monetary or tax incentive from a program or fund subject to review by the board shall disclose that



writing to the board.

(b) A board member who has a business, commercial, or other relationship, other than an interest described by Subsection (a), that could reasonably be expected to diminish the person's independence of judgment in the performance of the person's responsibilities in relation to the board shall disclose the relationship in writing to the board.

(c) A member of the board may not make a political contribution to the governor, the comptroller, the lieutenant governor, or the speaker of the house of representatives or to a candidate for election or selection to any of those offices.

Sec. 490G.009. CONFIDENTIALITY OF INFORMATION.

SECTION 2.02. As soon as practicable after the effective date of this Act, the appointing officials shall appoint members to the Economic Incentive Oversight Board established under Chapter 490G, Government Code, as added by this article.

ARTICLE 3. AUDIT OF ECONOMIC DEVELOPMENT PROGRAMS

SECTION 3.01. Chapter 321, Government Code, is amended by adding Section 321.0139 to read as follows:

Sec. 321.0139. AUDIT OF CERTAIN ECONOMIC DEVELOPMENT PROGRAMS AND FUNDS. (a)

Beginning September 1, 2015, once every 12 years the state auditor shall conduct an audit of each of the following:

(1) the rural economic development and investment program established under Section 12.0271, Agriculture Code; and

(2) the young farmer grant program under Subchapter G, Chapter 58, Agriculture Code.

(b) Beginning September 1, 2017, once every 12 years the state auditor shall

interest in writing to the board.

(b) A board member who has a business, commercial, or other relationship, other than an interest described by Subsection (a), that could reasonably be expected to diminish the person's independence of judgment in the performance of the person's responsibilities in relation to the board shall disclose the relationship in writing to the board.

(c) A member of the board may not make a political contribution to the governor, the comptroller, the lieutenant governor, or the speaker of the house of representatives or to a candidate for election or selection to any of those offices.

Sec. 490G.009. CONFIDENTIALITY OF INFORMATION.

SECTION 2.02. (a) As soon as practicable after the effective date of this Act, the appointing officials shall appoint members to the Economic Incentive Oversight Board established under Chapter 490G, Government Code, as added by this article.

(b) Notwithstanding Section 490G.007, Government Code, as added by this article, the Economic Incentive Oversight Board shall submit the report required by that section beginning with the report due on January 1, 2017.

No equivalent provision.

No equivalent provision.

conduct an audit of each of the following:

- (1) the agricultural biomass and landfill diversion incentive program established under Chapter 22, Agriculture Code;
- (2) the defense economic adjustment assistance grant program;
- (3) the agricultural loan guarantee program established under Subchapter E, Chapter 58, Agriculture Code;
- (4) the young farmer interest rate reduction program established under Subchapter F, Chapter 58, Agriculture Code; and
- (5) the interest rate reduction program established under Section 44.007, Agriculture Code.

(c) Beginning September 1, 2019, once every 12 years the state auditor shall conduct an audit of each of the following:

- (1) the rural investment fund program under Section 12.046, Agriculture Code;
- (2) the moving image industry incentive program under Subchapter B, Chapter 485; and
- (3) the certified capital company program established under Chapter 228, Insurance Code.

(d) Beginning September 1, 2021, once every 12 years the state auditor shall conduct an audit of each of the following:

- (1) the program to provide grants of money from the Texas Enterprise Fund under Section 481.078;
- (2) the program to provide disbursements from events trust funds established under Section 5C, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), for event support contracts; and
- (3) the program to provide disbursements from Major Events reimbursement program funds established under Section 5A, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), for game support contracts or event support contracts.

(e) Beginning September 1, 2023, once every 12 years the state auditor shall conduct an audit of each of the following:

- (1) the program to provide disbursements from motor sports racing trust funds established under Section 5B, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), for motor sports racing events support contracts or

event support contracts;

(2) the program to provide disbursements from special event trust funds established under Section 398.007, Local Government Code; and

(3) the skills development fund program established under Chapter 303, Labor Code.

(f) The state auditor may establish the scope of an audit and the objectives for an audit conducted under this section that are consistent with generally accepted government auditing standards and with other audits conducted by the state auditor under this chapter.

(g) To the extent practicable, the state auditor may assess the efficiency and effectiveness of the program or fund subject to an audit under this section.

(h) The state auditor shall prepare a report of each audit conducted under this section. Not later than the second anniversary of the date on which an audit required to be conducted under this section is scheduled to begin, the state auditor shall 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 with primary jurisdiction over economic development.

(i) The scheduling of the audits specified by this section is subject to a risk assessment in accordance with Chapter 321 and to inclusion in the annual audit plan under Section 321.013(c). If the state auditor determines that an exception to the schedule specified by this section is warranted, the state auditor shall notify the Legislative Audit Committee and each standing committee of the senate and house of representatives with primary jurisdiction over economic development of the reasons for the exception.

ARTICLE 4. ONLINE INFORMATION AND APPLICATION SYSTEM FOR STATE INCENTIVES

SECTION 4.01. Subtitle G, Title 10, Government Code, is amended by adding Chapter 2301 to read as follows:

CHAPTER 2301. ELECTRONIC ECONOMIC DEVELOPMENT INCENTIVES INFORMATION AND

ARTICLE 3. ONLINE INFORMATION AND APPLICATION SYSTEM FOR STATE INCENTIVES

SECTION 3.01. Subtitle G, Title 10, Government Code, is amended by adding Chapter 2301 to read as follows:

CHAPTER 2301. ELECTRONIC ECONOMIC DEVELOPMENT INCENTIVES INFORMATION AND

APPLICATION SYSTEM

Sec. 2301.001. DEFINITIONS.

Sec. 2301.002. ESTABLISHMENT OF PROJECT. The department shall establish an electronic government project to develop an Internet website accessible through the state electronic Internet portal that:

(1) provides a single location that a business entity considering relocating to or expanding in this state may use to receive information relating to state monetary and tax incentives for which the entity may be qualified;

(2) includes an interactive tool that allows a business entity to:

(A) determine whether the entity may be eligible for any state monetary or tax incentive in this state; and

(B) receive an estimate of the state monetary and tax incentives for which the entity may be eligible;

(3) allows, when feasible, the business entity to fill out one application for all state monetary and tax incentives for which the entity may be eligible; and

(4) allows, when feasible, for the application to be submitted to each state agency that offers the monetary or tax incentive for which the business entity may be eligible.

Sec. 2301.003. ESTABLISHING AND OPERATING PROJECT; COORDINATION. In establishing and operating the electronic government project under this chapter, the department, in coordination with the Texas Economic Development and Tourism Office and the comptroller, shall direct, coordinate, and assist state agencies in establishing and using:

(1) a common electronic application and reporting system, including:

(A) a standard format for announcing monetary and tax incentive opportunities;

(B) standard data elements for use in creating monetary and tax incentive opportunity announcement summaries, including existing monetary and tax

APPLICATION SYSTEM

Sec. 2301.001. DEFINITIONS.

Sec. 2301.002. ESTABLISHMENT OF PROJECT. The department shall establish an electronic government project to develop an Internet website accessible through the state electronic Internet portal that:

(1) provides a single location that a business entity considering relocating to or expanding in this state may use to receive information relating to state monetary and tax incentives for which the entity may be qualified;

(2) includes an interactive tool that allows a business entity to

determine whether the entity may be eligible for any state monetary or tax incentive in this state;

(3) allows, when feasible, the business entity to fill out one application for all:

(A) state monetary incentives for which the entity may be eligible; and

(B) state tax incentives for which the entity may be eligible, other than a tax incentive for which the entity, or a transaction involving the entity, qualifies for by operation of law; and

(4) allows, when feasible, for the application to be submitted to each state agency that offers the monetary or tax incentive described by Subdivision (3).

Sec. 2301.003. ESTABLISHING AND OPERATING PROJECT; COORDINATION. In establishing and operating the electronic government project under this chapter, the department, in coordination with the Texas Economic Development and Tourism Office and the comptroller, shall direct, coordinate, and assist state agencies in establishing and using:

(1) a common electronic application and reporting system, including:

(A) a standard format for announcing monetary and tax incentive opportunities;

(B) standard data elements for use in creating monetary and tax incentive opportunity announcement summaries, including existing monetary and tax

incentives and search functions; and  
(C) a common application form for a person to use in applying for a monetary or tax incentive from multiple state agencies;  
and

(2) a process for:

(A) improving interagency coordination of information collection and sharing of data relating to monetary and tax incentives; and  
(B) improving the timeliness, completeness, and quality of applications received by a state agency for monetary and tax incentives.

ARTICLE 5. PROGRAMS AND FUNDS ADMINISTERED BY TEXAS ECONOMIC DEVELOPMENT BANK

SECTION 5.01. The following laws are repealed:

- (1) Subchapter N, Chapter 481, Government Code;
- (2) Subchapter BB, Chapter 481, Government Code;
- (3) Subchapter D, Chapter 489, Government Code; and
- (4) Chapter 503, Local Government Code.

SECTION 5.02. Section 447.013(i), Government Code, is amended.

SECTION 5.03. Section 489.105(b), Government Code, is amended to read as follows:

- (b) The fund consists of:
- (1) appropriations for the implementation and administration of this chapter;
  - (2) ~~[investment earnings under the capital access fund established under Section 481.402;~~
  - ~~[(3) fees charged under Subchapter BB, Chapter 481;~~
  - ~~[(4) interest earned on the investment of money in the fund;~~
  - (3) ~~[(5)]~~ fees charged under this chapter;
  - (4) ~~[(6)]~~ investment earnings from the

incentives and search functions; and  
(C) a common application form for a person to use in applying for the following from multiple state agencies:

(i) all state monetary incentives for which the entity may be eligible; and

(ii) all state tax incentives for which the entity may be eligible, other than a tax incentive for which the entity, or a transaction involving the entity, qualifies for by operation of law; and

(2) a process for:

(A) improving interagency coordination of information collection and sharing of data relating to monetary and tax incentives; and  
(B) improving the timeliness, completeness, and quality of applications received by a state agency for monetary and tax incentives described by Subdivision (1).

ARTICLE 4. PROGRAMS ADMINISTERED BY TEXAS ECONOMIC DEVELOPMENT BANK

SECTION 4.01. The following laws are repealed:

- (1) Subchapter N, Chapter 481, Government Code; and
- (2) Chapter 503, Local Government Code.

SECTION 4.02. Same as introduced version.

~~No equivalent provision.~~

programs administered by the bank;  
(5) [(7)] amounts transferred under Section 2303.504(b), as amended by Article 2, Chapter 1134, Acts of the 77th Legislature, Regular Session, 2001; and  
(6) [(8)] ~~investment earnings under the Texas product development fund under Section 489.211;~~  
(9) ~~investment earnings under the Texas small business incubator fund under Section 489.212; and~~  
[(10)] any other amounts received by the state under this chapter.

SECTION 5.04. Section 489.108, Government Code, is amended to read as follows:

Sec. 489.108. PROGRAMS, SERVICES, AND FUNDS UNDER BANK'S DIRECTION. Notwithstanding any other law, the bank shall perform the duties and functions of the office with respect to the following programs, services, and funds:

(1) ~~[the Texas Small Business Industrial Development Corporation established under Chapter 503, Local Government Code;~~

~~[(2) the capital access program established under Section 481.405;~~

~~[(3) the Texas leverage fund;~~

(2) [(4)] ~~the linked deposit program established under Section 481.193;~~

[(5)] the enterprise zone program established under Chapter 2303;

(3) [(6)] the industrial revenue bond program;

(4) [(7)] the defense economic readjustment zone program established under Chapter 2310;

(5) [(8)] the Empowerment Zone and Enterprise Community grant program established under Section 481.025; and

(6) [(9)] the renewal community program.

SECTION 5.05. Section 39.909(a), Utilities Code, is amended.

SECTION 5.06. Section 52.256(a), Utilities Code, is amended.

SECTION 5.07. (a) The Texas Economic Development Bank shall reject any application for a linked deposit loan submitted to the bank before the effective

SECTION 4.03. Section 489.108, Government Code, is amended to read as follows:

Sec. 489.108. PROGRAMS, SERVICES, AND FUNDS UNDER BANK'S DIRECTION. Notwithstanding any other law, the bank shall perform the duties and functions of the office with respect to the following programs, services, and funds:

(1) ~~[the Texas Small Business Industrial Development Corporation established under Chapter 503, Local Government Code;~~

[(2)] the capital access program established under Section 481.405;

(2) [(3)] the Texas leverage fund;

(3) [(4)] ~~the linked deposit program established under Section 481.193;~~

[(5)] the enterprise zone program established under Chapter 2303;

(4) [(6)] the industrial revenue bond program;

(5) [(7)] the defense economic readjustment zone program established under Chapter 2310;

(6) [(8)] the Empowerment Zone and Enterprise Community grant program established under Section 481.025; and

(7) [(9)] the renewal community program.

SECTION 4.04. Same as introduced version.

SECTION 4.05. Same as introduced version.

SECTION 4.06. Same as introduced version.

date of this Act for which a linked deposit has not been made in accordance with Subchapter N, Chapter 481, Government Code, as that subchapter existed immediately before being repealed by this article.

(b) Notwithstanding the repeal by this article of Subchapter N, Chapter 481, Government Code, Subchapter N is continued in effect for the limited purpose of allowing the Texas Economic Development Bank to administer linked deposits made before the effective date of this Act and to pursue the bank's remedies under that subchapter if:

- (1) a recipient of a loan to which a deposit is linked defaults on the loan; or
- (2) a lending institution that makes a loan for which a linked deposit is made fails to comply with that subchapter.

SECTION 5.08. On the effective date of this Act the Texas Economic Development Bank shall allocate any unencumbered balance of the capital access fund to programs administered by the bank under Section 489.108, Government Code, as amended by this article.

No equivalent provision.

SECTION 5.09. (a) Notwithstanding the repeal by this article of Subchapter D, Chapter 489, Government Code, Subchapter D is continued in effect for the limited purpose of allowing the Texas Economic Development Bank to:

- (1) administer any outstanding loans entered into under that subchapter before the effective date of this Act; and
- (2) satisfy any bond obligations or pay any other obligations, contractual or otherwise, incurred under that subchapter before the effective date of this Act.

(b) After all the obligations described by Subsection (a)(2) of this section have been paid or satisfied, the Texas Economic Development Bank shall allocate any remaining balances of the Texas product development fund and the Texas small business incubator fund to programs administered by the bank under Section 489.108, Government Code, as amended by this article.

No equivalent provision.

SECTION 5.10. As soon as practicable after the effective date of this Act, the Texas Economic Development Bank shall send to the comptroller for deposit in the general revenue fund any revenue or other money of the Texas Small Business Industrial Development Corporation held in financial institutions as provided by Section 503.055, Local Government Code, as that section existed immediately before that section's repeal by this article.

No equivalent provision.

No equivalent provision.

SECTION 4.07. Same as introduced version.

## ARTICLE 5. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE

SECTION 5.01. Chapter 62, Education Code, is amended by adding Subchapter H to read as follows:

### SUBCHAPTER H. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE

Sec. 62.161. DEFINITIONS. In this subchapter:

(1) "Advisory board" means the governor's university research initiative advisory board.

(2) "Distinguished researcher" means a researcher who is:

(A) a Nobel laureate or the recipient of an equivalent honor; or

(B) a member of a national honorific society, such as the National Academy of Sciences, the National Academy of Engineering, or the Institute of Medicine, or an equivalent honorific organization.

(3) "Eligible institution" means a general academic teaching institution or health-related institution.

(4) "Fund" means the governor's university research initiative fund established under this subchapter.

(5) "General academic teaching institution" has the meaning assigned by Section 61.003.

(6) "Governing board" has the meaning assigned by Section 61.003.

(7) "Health-related institution" means a medical and dental unit as defined by Section 61.003 and any other public health science center, public medical school, or public dental school established by statute or in accordance with Chapter 61.

(8) "Office" means the Texas Economic Development and Tourism Office within the office of the governor.

(9) "Private or independent institution of



higher education" has the meaning assigned by Section 61.003.

No equivalent provision.

Sec. 62.162. ADMINISTRATION OF INITIATIVE. (a) The governor's university research initiative is administered by the Texas Economic Development and Tourism Office within the office of the governor.

(b) From the governor's university research initiative fund, the office shall award matching grants to assist eligible institutions in recruiting distinguished researchers.

(c) The office may adopt any rules the office considers necessary to administer this subchapter.

No equivalent provision.

Sec. 62.163. MATCHING GRANTS. (a) An eligible institution may apply to the office for a matching grant from the fund. Before approval or disapproval of a grant application, the office shall consider the recommendation of the advisory board regarding the grant proposal. If the office approves a grant application, the office shall award to the applicant institution a grant amount equal to the amount committed by the institution for the recruitment of a distinguished researcher, except as provided by Subsection (c)(2).

(b) A grant application must identify the source and amount of the eligible institution's matching funds and must demonstrate that the proposed use of the grant has the support of the institution's president and of the institution's governing board, the chair of the institution's governing board, or the chancellor of the university system, if the institution is a component of a university system. An applicant eligible institution may commit for matching purposes any funds of the institution available for that purpose other than appropriated general revenue.

(c) The office may set a deadline for grant applications for each state fiscal year. After fully funding approved grant applications received during an application period for a state fiscal year, the office may reopen applications for that year and:

(1) award the full amount of matching funds from the fund for new applications; or  
(2) approve previously disapproved applications submitted before the original application deadline for receipt of a reduced grant amount.

(d) A matching grant received by an

eligible institution under this subchapter may not be considered as a basis to reduce, directly or indirectly, the amount of money otherwise appropriated to the institution.

(e) A matching grant may not be used by an eligible institution to recruit a distinguished researcher or other employee from:

(1) another eligible institution; or

(2) a private or independent institution of higher education.

(f) The office shall require an application and all supporting documentation to be submitted to the office electronically in the manner prescribed by the office.

No equivalent provision.

Sec. 62.164. GRANT AWARD CRITERIA; PRIORITIES. (a) In awarding grants, the office shall give priority to grant proposals that involve the recruitment of distinguished researchers in the fields of science, technology, engineering, and mathematics. With respect to proposals involving those fields, the office shall give priority to proposals that:

(1) demonstrate a reasonable probability of enhancing Texas' national and global economic competitiveness;

(2) demonstrate a reasonable probability of creating a nationally or internationally recognized locus of research superiority or a unique locus of research;

(3) are matched with a significant amount of funding from a federal or private source that may be transferred to the eligible institution;

(4) are interdisciplinary and collaborative;  
or

(5) include a strategic plan for intellectual property development and commercialization of technology.

(b) The office may award a grant to a proposal that:

(1) supports the recruitment of a distinguished researcher distinguished in, or to be engaged in, basic, translational, or applied research; or

(2) proposes the recruitment of a distinguished researcher for new research capabilities of the eligible institution or to expand the institution's existing research capabilities.

(c) A grant proposal should identify a specific distinguished researcher being recruited. In addition to the factors considered in evaluating proposals considered a priority under Subsection (a),

the office may consider:

(1) the likelihood that the researcher being recruited will not accept a research position with the applicant eligible institution without the institution's receipt of a matching grant under this subchapter;

(2) the extent to which the subject matter of the researcher's research offers the opportunity for interdisciplinary and collaborative research at the applicant eligible institution and with other eligible institutions; and

(3) any commercialization track record of the researcher being recruited.

No equivalent provision.

Sec. 62.165. CONFIDENTIALITY. Information collected or obtained by the office or the advisory board concerning the identity of a particular distinguished researcher who is the subject of a grant proposal under this subchapter is confidential unless the researcher and the applicant eligible institution consent to disclosure of the information. The information remains confidential until the date, if any, on which the researcher enters into an employment relationship with the recruiting institution as contemplated in the grant proposal.

No equivalent provision.

Sec. 62.166. ADVISORY BOARD. (a) The governor's university research initiative advisory board is established to assist the office with the review and evaluation of applications for funding of grant proposals under this subchapter. The advisory board shall make recommendations to the office for approval or disapproval of those applications.

(b) The advisory board must be composed of at least nine members appointed by the governor. Of the members of the board:

(1) one-third of the members, as nearly as possible, must have a background in finance;

(2) one-third of the members, as nearly as possible, must have an academic background in science, technology, engineering, or mathematics; and

(3) one-third of the members, as nearly as possible, must be public members.

(c) Chapter 2110, Government Code, does not apply to the size, composition, or duration of the advisory board.

(d) A member of the advisory board who is or has been employed by, is or has been a

party to a contract for any purpose with, or is a student or former student of an applicant eligible institution may not be involved in the review, evaluation, or recommendation of a grant proposal made by that institution.

(e) An advisory board member is not required to be a resident of this state.

(f) Appointments to the advisory board shall be made without regard to the race, color, disability, sex, religion, age, or national origin of the appointees.

(g) Members of the advisory board serve without compensation but are entitled to reimbursement for actual and necessary expenses in attending meetings of the board or performing other official duties authorized by the office.

No equivalent provision.

Sec. 62.167. TIMELY ACTION ON APPLICATIONS. (a) The advisory board shall meet in person or by teleconference to consider grant applications under this subchapter and shall strive to present to the office the board's recommendation for approval or disapproval of an application not later than the 14th day after the date the board receives the application.

(b) The office shall make a final decision regarding approval of a grant application not later than the 14th day after the date the office receives the advisory board's recommendation.

No equivalent provision.

Sec. 62.168. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE FUND. (a) The governor's university research initiative fund is a dedicated account in the general revenue fund.

(b) The fund consists of:

(1) amounts appropriated or otherwise allocated or transferred by law to the fund; and

(2) gifts, grants, and other donations received for the fund.

(c) Sections 403.095 and 404.071, Government Code, do not apply to the fund.

(d) The fund may be used by the office only for the purposes of this subchapter, including for necessary expenses incurred in the administration of the fund and this subchapter.

ARTICLE 6. RENAMING OF MAJOR EVENTS TRUST FUND

ARTICLE 6. RENAMING OF MAJOR EVENTS TRUST FUND

84R 23742

15.107.700

Substitute Document Number: 84R 21676

SECTION 6.01. The heading to Section 5A, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), is amended.

SECTION 6.01. Same as introduced version.

SECTION 6.02. Sections 5A(a-1), (d), (d-1), (e), (f), (g), (h), (j), (k), (l), (m), (w), and (y), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), are amended.

SECTION 6.02. Same as introduced version.

#### ARTICLE 7. EFFECTIVE DATE

#### ARTICLE 7. EFFECTIVE DATE

SECTION 7.01. Except as otherwise provided by this Act, this Act takes effect September 1, 2015.

SECTION 7.01. Same as introduced version.