

## **BILL ANALYSIS**

C.S.H.B. 27  
By: Button  
Economic & Small Business Development  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

A recent study of the Texas Enterprise Fund and the Texas emerging technology fund, paired with recent audits conducted on the two funds, revealed opportunities to improve the state's economic development programs. Interested parties contend that there is a need to focus more attention on small business in the state's overall economic development approach. C.S.H.B. 27 seeks to address this issue.

### **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 of this bill.

### **ANALYSIS**

C.S.H.B. 27 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 for, evaluation of, and awarding of grants and the monitoring of grant recipients and projects or activities under the fund and relating to document retention 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 from the governor. The bill replaces the requirement that the governor 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 that the governor make such grants to those recipients for those purposes.

C.S.H.B. 27 abolishes the Texas emerging technology fund and the Texas Emerging Technology Advisory Committee on September 1, 2015. The bill repeals, on its effective date, 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, 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 Texas research university fund's authority to receive that 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. 27 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. 27 revises the governor's requirement to submit and post 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. 27 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. 27 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 annual report on awards funded from the former fund. 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. 27 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. 27 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. 27 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. 27 amends the Agriculture Code and the Labor Code to make conforming changes.

C.S.H.B. 27 repeals the following provisions of the Government Code:

- 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. 27 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

SECTION 1. 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 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

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. 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-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 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 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

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 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

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

SECTION 3. 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 4. Subchapter G, Chapter 404, Government Code, is amended by adding Section 404.1031.

SECTION 5. Effective September 1, 2016, Subchapter G, Chapter 404, Government Code, is amended by adding Section 404.1032 to read as follows:

Sec. 404.1032. VALUATION OF INVESTMENTS FROM FORMER FUND; ANNUAL REPORT. (a) To the maximum extent practicable, the trust company

substantial interest in any grant recipient or grant awarded from the fund.

SECTION 2. Same as introduced version.

SECTION 3. 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 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 4. Same as introduced version.

SECTION 5. Effective September 1, 2016, Subchapter G, Chapter 404, Government Code, is amended by adding Section 404.1032 to read as follows:

Sec. 404.1032. VALUATION OF INVESTMENTS FROM FORMER FUND; ANNUAL REPORT. (a) To the maximum extent practicable, the trust company

annually shall 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 valuation must be based on a methodology that is consistent with generally accepted accounting principles.

(b) Not later than January 31 of each year, the trust company shall 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 post on the office of the trust company's Internet website a report of any valuation performed under this section during the preceding state fiscal year.

SECTION 6. The heading to Chapter 490, Government Code, is amended.

SECTION 7. Sections 490.001(2) and (4), Government Code, are amended.

SECTION 8. The heading to Section 490.005, Government Code, is amended.

SECTION 9. Section 490.005, Government Code, is amended.

SECTION 10. Effective September 1, 2016, Subchapter A, Chapter 490, Government Code, is amended.

SECTION 11. Section 490.006, Government Code, is amended.

SECTION 12. The heading to Subchapter B, Chapter 490, Government Code, is amended.

SECTION 13. Section 490.057, Government Code, is amended.

SECTION 14. Section 50D.013(a), Agriculture Code, is amended.

SECTION 15. Section 203.021(e), Labor Code, is amended.

annually shall 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 valuation must be based on a methodology that is consistent with generally accepted accounting principles.

(b) Not later than January 31 of each year, the trust company shall 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 post on the trust company's Internet website a report of any valuation performed under this section during the preceding state fiscal year.

SECTION 6. Same as introduced version.

SECTION 7. Same as introduced version.

SECTION 8. Same as introduced version.

SECTION 9. Same as introduced version.

SECTION 10. Same as introduced version.

SECTION 11. Same as introduced version.

SECTION 12. Same as introduced version.

SECTION 13. Same as introduced version.

SECTION 14. Same as introduced version.

SECTION 15. Same as introduced version.

SECTION 16. The following laws are repealed:

- (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 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:

- (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.

(b) The abolishment by this Act 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

SECTION 16. Same as introduced version.

SECTION 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) 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; and

(3) the comptroller 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 Section 404.1031, Government Code, as added by this Act.

(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 Act 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.

(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 Act, 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 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 18. A regional center of innovation and commercialization established under Section 490.152, Government Code, is abolished on the

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 Act, 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 18. Same as introduced version.

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 Act, and the office shall retain the minutes for the period prescribed by that section.

SECTION 19. On September 1, 2015, the Texas Emerging Technology Advisory Committee established under Subchapter B, Chapter 490, Government Code, is abolished.

SECTION 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 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 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.

SECTION 22. Except as otherwise provided by this Act, this Act takes effect September 1, 2015.

SECTION 19. Same as introduced version.

SECTION 20. Same as introduced version.

SECTION 21. Same as introduced version.

SECTION 22. Same as introduced version.