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H.B. No. 26

A BILL TO BE ENTITLED

AN ACT

1
2 relating to state economic development measures, including
3 administration of the Texas Enterprise Fund, creation of the
4 Economic Incentive Oversight Board and the governor's university
5 research initiative, abolishment of the Texas emerging technology
6 fund and certain programs administered by the Texas Economic
7 Development Bank, and renaming the Major Events trust fund to the
8 Major Events Reimbursement Program.

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

10 ARTICLE 1. TRUSTEED PROGRAMS WITHIN OFFICE OF GOVERNOR

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

14 (c) Except as provided by Subsections (d) and (d-1), the
15 fund may be used only for:

16 (1) economic development, infrastructure development,
17 community development, job training programs, and business
18 incentives; and

19 (2) projects for commercialization of property
20 derived from research developed at or through public or private
21 institutions of higher education as provided by Section 481.081.

22 (d-1) The fund may be used for the Texas homeless housing
23 and services program administered by the Texas Department of
24 Housing and Community Affairs under Section 2306.2585. The

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

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

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

23 (e-2) [~~(e-1)~~] To be eligible to receive a grant under this
24 section, the entity must:

25 (1) be in good standing under the laws of the state in
26 which the entity was formed or organized, as evidenced by a
27 certificate issued by the secretary of state or the state official

1 having custody of the records pertaining to entities or other
2 organizations formed under the laws of that state; and

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

5 (e-3) An entity seeking a grant is ineligible to receive the
6 grant if, during the period beginning on the 90th day before the
7 date on which the entity applies for the grant and ending on the
8 date the grant is to be awarded, the entity:

9 (1) offers, confers, or agrees to confer a benefit, as
10 defined by Section 36.01, Penal Code, with a value that exceeds \$500
11 in a calendar year on an officer or employee with the authority to
12 award the grant; or

13 (2) makes political contributions, as defined by
14 Section 251.001, Election Code, that in the aggregate exceed \$500
15 in a calendar year to an officer or employee with the authority to
16 award the grant.

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

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

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

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

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

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

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

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

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

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

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

23 (k) To encourage the development and location of small
24 businesses in this state, the governor shall make [~~consider making~~]
25 grants from the fund:

26 (1) to recipients that are small businesses in this
27 state that commit to using the grants to create additional jobs;

1 (2) to recipients that are small businesses from
2 outside the state that commit to relocate to this state; or

3 (3) for individual projects that create 100 or fewer
4 additional jobs.

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

8 (1) forms and procedures for applications for and the
9 award of grants;

10 (2) procedures for evaluating grant applications;

11 (3) provisions governing the grant agreement process;

12 (4) methods and procedures for monitoring grant
13 recipients and projects or activities for which a grant is awarded
14 from the fund to determine whether and to what extent the grant
15 recipients comply with job creation performance targets, capital
16 investment commitments, or other specified performance targets in
17 the grant agreement, including requirements that grant recipients
18 provide to the office periodic compliance updates;

19 (5) document retention requirements for grant
20 recipients that are consistent with applicable state law; and

21 (6) conflict of interest provisions to ensure that
22 persons involved in the operation of the program, including persons
23 involved in evaluating applications for or awarding grants from the
24 fund or in monitoring grant recipients or determining compliance
25 with the terms of grant agreements, do not have a substantial
26 interest in any grant recipient or grant awarded from the fund.

27 (n) A grant recipient that, during the period beginning on

1 the date the grant is awarded and ending on the 180th day after the
2 date the grant is awarded, takes an action described by Subsection
3 (e-3)(1) or (2) shall repay the grant to the state.

4 SECTION 1.02. Section 481.079, Government Code, is amended
5 by amending Subsections (a) and (a-1) and adding Subsection (d) to
6 read as follows:

7 (a) Before the beginning of each regular session of the
8 legislature, the governor shall submit to the lieutenant governor,
9 the speaker of the house of representatives, and each other member
10 of the legislature a report on grants made under Section 481.078
11 that states:

12 (1) the number of direct jobs each recipient committed
13 to create in this state, categorized by region and qualified census
14 tract;

15 (2) the number of direct jobs each recipient created
16 in this state, categorized by region and qualified census tract;

17 (3) the median wage of the jobs each recipient created
18 in this state, categorized by region and qualified census tract;

19 (4) the amount of capital investment each recipient
20 committed to expend or allocate per project in this state,
21 categorized by region and qualified census tract;

22 (5) the amount of capital investment each recipient
23 expended or allocated per project in this state, categorized by
24 region and qualified census tract;

25 (6) the total amount of grants made to each recipient;

26 (7) the average amount of money granted in this state
27 for each job created in this state by grant recipients, categorized

1 by region and qualified census tract;

2 (8) the number of jobs created in this state by grant
3 recipients in each sector of the North American Industry
4 Classification System (NAICS); ~~and~~

5 (9) of the number of direct jobs each recipient
6 created in this state, the number of positions created that provide
7 health benefits for employees, categorized by region and qualified
8 census tract; and

9 (10) the typical anticipated or actual duration of the
10 jobs created by each grant recipient.

11 (a-1) For grants awarded for a purpose specified by Section
12 [481.078](#)(d-1) or 481.081, the report must include only the amount
13 and purpose of each grant.

14 (d) In this section:

15 (1) "Qualified census tract" has the meaning assigned
16 by Section 143(j), Internal Revenue Code of 1986 (26 U.S.C. Section
17 143(j)).

18 (2) "Region" means the central region, gulf coast and
19 east region, lower south region, or north and northeast region of
20 this state, as designated by the office.

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

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

26 (1) "Fund" means the Texas Enterprise Fund under
27 Section [481.078](#).

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

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

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

18 SECTION 1.04. Subchapter C, Chapter 490, Government Code,
19 is amended by adding Section 490.104 to read as follows:

20 Sec. 490.104. MANAGEMENT OF INVESTMENT PORTFOLIO; WINDING
21 UP AND FINAL LIQUIDATION. (a) In this section, "state's emerging
22 technology investment portfolio" means:

23 (1) the equity positions in the form of stock or other
24 security the governor took, on behalf of the state, in companies
25 that received awards under the Texas emerging technology fund; and

26 (2) any other investments made by the governor, on
27 behalf of the state, in connection with an award made under the

1 Texas emerging technology fund.

2 (b) The Texas Treasury Safekeeping Trust Company shall
3 manage and wind up the state's emerging technology investment
4 portfolio. The trust company shall wind up the portfolio in a
5 manner that, to the extent feasible, provides for the maximum
6 return on the state's investment while also ensuring the return of
7 the state's investment. In managing those investments through
8 procedures and subject to restrictions that the trust company
9 considers appropriate, the trust company may acquire, exchange,
10 sell, supervise, manage, or retain any kind of investment that a
11 prudent investor, exercising reasonable care, skill, and caution,
12 would acquire or retain in light of the purposes, terms,
13 distribution requirements, and other circumstances then prevailing
14 pertinent to each investment. The trust company may recover its
15 reasonable and necessary costs incurred in the management of the
16 portfolio, including costs incurred in the retaining of
17 professional or technical advisors, from the earnings on the
18 investments in the portfolio.

19 (c) Any realized proceeds or other earnings from the sale of
20 stock or other investments in the state's emerging technology
21 investment portfolio, less the amount permitted to be retained for
22 payment of its costs for managing the portfolio as provided by
23 Subsection (b), shall be remitted by the Texas Treasury Safekeeping
24 Trust Company to the comptroller for deposit in the general revenue
25 fund.

26 (d) The Texas Treasury Safekeeping Trust Company has any
27 power necessary to accomplish the purposes of this section.

1 (e) On final liquidation of the state's emerging technology
2 investment portfolio, the Texas Treasury Safekeeping Trust Company
3 shall promptly notify the comptroller of that occurrence. As soon
4 as practicable after receiving that notice, the comptroller shall
5 verify that the final liquidation has been completed and, if the
6 comptroller so verifies, shall certify to the governor that the
7 final liquidation of the portfolio has been completed. The governor
8 shall post notice of the certification on the office of the
9 governor's Internet website.

10 SECTION 1.05. Effective September 1, 2016, Subchapter C,
11 Chapter 490, Government Code, is amended by adding Section 490.105
12 to read as follows:

13 Sec. 490.105. VALUATION OF STATE'S INVESTMENT PORTFOLIO;
14 BIENNIAL REPORT. (a) To the maximum extent practicable, the Texas
15 Treasury Safekeeping Trust Company biennially shall perform a
16 valuation of the equity positions the governor took, on behalf of
17 the state, in companies that received awards under the Texas
18 emerging technology fund and of other investments made by the
19 governor, on behalf of the state, in connection with an award under
20 that fund. The valuation must be based on a methodology that is
21 consistent with generally accepted accounting principles.

22 (b) Not later than January 31 of each odd-numbered year, the
23 Texas Treasury Safekeeping Trust Company shall submit to the
24 lieutenant governor, the speaker of the house of representatives,
25 and the standing committee of each house of the legislature with
26 primary jurisdiction over economic development matters and post on
27 the trust company's Internet website a report of any valuation

1 performed under this section during the preceding state fiscal
2 year.

3 SECTION 1.06. The heading to Chapter 490, Government Code,
4 is amended to read as follows:

5 CHAPTER 490. WINDING UP CONTRACTS AND STATE'S INVESTMENT PORTFOLIO
6 IN CONNECTION WITH AWARDS FROM TEXAS [~~FUNDING FOR~~] EMERGING
7 TECHNOLOGY FUND

8 SECTION 1.07. Section 490.001(4), Government Code, is
9 amended to read as follows:

10 (4) "Award" means:

11 (A) for purposes of former Subchapter D, an
12 investment in the form of equity or a convertible note;

13 (B) for purposes of former Subchapter E, an
14 investment in the form of a debt instrument;

15 (C) for purposes of former Subchapter F, a grant;

16 or

17 (D) other forms of contribution or investment as
18 recommended by the former Texas Emerging Technology Advisory
19 Committee [~~committee~~] and approved by the governor, lieutenant
20 governor, and speaker of the house of representatives before
21 amendment of this chapter by the 84th Legislature, Regular Session,
22 2015.

23 SECTION 1.08. The heading to Section 490.005, Government
24 Code, is amended to read as follows:

25 Sec. 490.005. REPORT ON AWARDS FROM FUND [~~ANNUAL REPORT~~].

26 SECTION 1.09. Section 490.005, Government Code, is amended
27 by amending Subsections (a) and (b) and adding Subsection (d) to

1 read as follows:

2 (a) Not later than January 31, 2016 [~~of each year~~], the
3 governor shall submit to the lieutenant governor, the speaker of
4 the house of representatives, and the standing committee of each
5 house of the legislature with primary jurisdiction over economic
6 development matters and post on the office of the governor's
7 Internet website a report that includes for each preceding state
8 fiscal year the following information regarding awards made under
9 the fund [~~during each preceding state fiscal year~~]:

10 (1) the total number and amount of awards made;

11 (2) the number and amount of awards made under former
12 Subchapters D, E, and F;

13 (3) the aggregate total of private sector investment,
14 federal government funding, and contributions from other sources
15 obtained in connection with awards made under each of the
16 subchapters listed in Subdivision (2);

17 (4) the name of each award recipient and the amount of
18 the award made to the recipient; and

19 (5) a brief description of the equity position that
20 the governor, on behalf of the state, has taken [~~may take~~] in
21 companies that received [~~receiving~~] awards and the names of the
22 companies in which the state has taken an equity position.

23 (b) The [~~annual~~] report must also contain:

24 (1) the total number of jobs actually created by each
25 project that received an award from the fund [~~receiving funding~~
26 ~~under this chapter~~];

27 (2) an analysis of the number of jobs actually created

1 by each project that received an award from the fund [~~receiving~~
2 ~~funding under this chapter~~]; and

3 (3) a brief description regarding:

4 (A) the methodology used to determine the
5 information provided under Subdivisions (1) and (2), which may be
6 developed in consultation with the comptroller's office;

7 (B) the intended outcomes of projects funded
8 under former Subchapter D [~~during each preceding state fiscal~~
9 ~~year~~]; and

10 (C) the actual outcomes of all projects funded
11 under former Subchapter D [~~during each preceding state fiscal~~
12 ~~year~~], including any financial impact on the state resulting from a
13 liquidity event involving a company whose project was funded under
14 that subchapter.

15 (d) This section expires September 1, 2017.

16 SECTION 1.10. Effective September 1, 2016, Subchapter A,
17 Chapter 490, Government Code, is amended by adding Section 490.0051
18 to read as follows:

19 Sec. 490.0051. ANNUAL REPORT ON PROJECTS FUNDED; JOB
20 CREATION AND OUTCOMES. (a) Not later than January 31 of each year,
21 the governor shall submit to the lieutenant governor, the speaker
22 of the house of representatives, and the standing committee of each
23 house of the legislature with primary jurisdiction over economic
24 development matters and post on the office of the governor's
25 Internet website a report that contains for each preceding state
26 fiscal year the following information regarding awards made under
27 the fund:

1 (1) the total number of jobs actually created by each
2 project that received an award from the fund;

3 (2) an analysis of the number of jobs actually created
4 by each project that received an award from the fund; and

5 (3) a brief description regarding:

6 (A) the methodology used to determine the
7 information provided under Subdivisions (1) and (2), which may be
8 developed in consultation with the comptroller's office;

9 (B) the intended outcomes of all projects funded
10 under former Subchapter D; and

11 (C) the actual outcomes of all projects funded
12 under former Subchapter D, including any financial impact on the
13 state resulting from a liquidity event involving a company whose
14 project was funded under that subchapter.

15 (b) The governor shall exclude from the report information
16 that is made confidential by law.

17 (c) This section expires September 1, 2030.

18 SECTION 1.11. Section 490.006, Government Code, is amended
19 to read as follows:

20 Sec. 490.006. VALUATION OF INVESTMENTS; [~~INCLUSION IN~~]
21 ANNUAL REPORT. (a) To the maximum extent practicable, the office
22 of the governor shall annually perform a valuation of the equity
23 positions taken by the governor, on behalf of the state, in
24 companies that received [~~receiving~~] awards under the fund and of
25 other investments made by the governor, on behalf of the state, in
26 connection with an award under the fund. The valuation must[+]

27 [~~(1)~~] be based on a methodology that:

1 (1) [~~(A)~~] may be developed in consultation with the
2 comptroller's office; and

3 (2) [~~(B)~~] is consistent with generally accepted
4 accounting principles[~~, and~~

5 ~~[(2) be included with the annual report required under~~
6 ~~Section 490.005].~~

7 (b) Except as provided by Subsection (c), not later than
8 January 31, 2016, the governor shall submit to the lieutenant
9 governor, the speaker of the house of representatives, and the
10 standing committee of each house of the legislature with primary
11 jurisdiction over economic development matters and post on the
12 office of the governor's Internet website a report of any valuation
13 performed under this section during the preceding state fiscal
14 year.

15 (c) A valuation performed for the state fiscal year ending
16 August 31, 2015, must be included with the report required under
17 Section 490.005.

18 (d) This section expires September 1, 2016.

19 SECTION 1.12. The heading to Subchapter B, Chapter 490,
20 Government Code, is amended to read as follows:

21 SUBCHAPTER B. MISCELLANEOUS PROVISIONS [~~TEXAS EMERGING TECHNOLOGY~~
22 ~~ADVISORY COMMITTEE~~]

23 SECTION 1.13. Section 490.057, Government Code, is amended
24 to read as follows:

25 Sec. 490.057. CONFIDENTIALITY. (a) Except as provided by
26 Subsection (b), information collected by the governor's office, the
27 former Texas Emerging Technology Advisory Committee [~~committee~~],

1 or the committee's advisory panels concerning the identity,
2 background, finance, marketing plans, trade secrets, or other
3 commercially or academically sensitive information of an
4 individual or entity that was [~~being~~] considered for or [~~r~~
5 ~~receiving, or having~~] received an award from the fund is
6 confidential unless the individual or entity consents to disclosure
7 of the information.

8 (b) The following information collected by the governor's
9 office, the former Texas Emerging Technology Advisory Committee
10 [~~committee~~], or the committee's advisory panels under this chapter
11 is public information and may be disclosed under Chapter 552:

12 (1) the name and address of an individual or entity
13 that [~~receiving or having~~] received an award from the fund;

14 (2) the amount of funding received by an award
15 recipient;

16 (3) a brief description of the project [~~that is~~]
17 funded under this chapter;

18 (4) if applicable, a brief description of the equity
19 position that the governor, on behalf of the state, has taken in an
20 entity that [~~has~~] received an award from the fund; and

21 (5) any other information designated by the committee
22 with the consent of:

23 (A) the individual or entity that [~~receiving or~~
24 ~~having~~] received an award from the fund[~~, as applicable~~];

25 (B) the governor;

26 (C) the lieutenant governor; and

27 (D) the speaker of the house of representatives.

1 SECTION 1.14. Section 490.101, Government Code, is amended
2 by adding Subsection (b-1) to read as follows:

3 (b-1) The fund may be used only for the purposes described
4 by Section 490.104.

5 SECTION 1.15. The following laws are repealed:

6 (1) Sections 490.001(1), (3), and (5), Government
7 Code;

8 (2) Sections 490.002 and 490.003, Government Code;

9 (3) Sections 490.051, 490.052, 490.0521, 490.053,
10 490.054, 490.055, and 490.056, Government Code;

11 (4) Sections 490.101(c), (d), (e), (f), (f-1), (g),
12 (h), and (i), Government Code;

13 (5) Section 490.102, Government Code; and

14 (6) Subchapters D, E, F, and G, Chapter 490,
15 Government Code.

16 SECTION 1.16. (a) The Texas emerging technology fund is
17 continued solely for the purposes of winding up the contracts
18 governing awards from that fund and the state's portfolio of equity
19 positions and other investments in connection with awards from that
20 fund in accordance with Section 490.104, Government Code, as added
21 by this Act. The Texas emerging technology fund is abolished and
22 Sections 490.101(a), (b), and (b-1), Government Code, are repealed
23 when the comptroller certifies to the governor as provided by
24 Section 490.104, Government Code, as added by this Act, that the
25 final liquidation of the state's portfolio of equity positions and
26 other investments by the Texas Treasury Safekeeping Trust Company
27 has been completed. Any unencumbered fund balance remaining when

1 the Texas emerging technology fund is abolished may be appropriated
2 in accordance with Subsection (a-1) of this section.

3 (a-1) Any unencumbered balance of the Texas emerging
4 technology fund may be appropriated only to one or more of the
5 following:

6 (1) the Texas Research Incentive Program (TRIP) under
7 Subchapter F, Chapter 62, Education Code;

8 (2) the Texas research university fund, subject to
9 Subsection (b) of this section;

10 (3) the governor's university research initiative fund
11 established under Subchapter H, Chapter 62, Education Code, as
12 added by this Act;

13 (4) the Texas Enterprise Fund established under
14 Section 481.078, Government Code; and

15 (5) the comptroller for the purposes of expenses
16 incurred in managing the state's portfolio of equity positions and
17 other investments in connection with awards from the Texas emerging
18 technology fund in accordance with Section 490.104, Government
19 Code, as added by this article.

20 (b) The authority of the Texas research university fund to
21 receive the appropriation described by Subsection (a-1) of this
22 section is contingent on passage and enactment of H.B. 1000, or
23 similar legislation relating to state support for general academic
24 teaching institutions in this state by the 84th Legislature,
25 Regular Session, 2015, that renames the existing Texas competitive
26 knowledge fund and changes the purposes for which the fund can be
27 used.

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

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

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

23 (f) On or after the effective date of this Act, the
24 following payments or other amounts shall be sent to the
25 comptroller for deposit to the Texas emerging technology fund to be
26 used solely for the purposes of winding down the state's portfolio
27 of equity positions and other investments as provided by Sections

1 490.101(b-1) and 490.104, Government Code, as added by this Act:

2 (1) any royalties, revenues, and other financial
3 benefits realized from a project undertaken with money from the
4 Texas emerging technology fund, as provided by a contract described
5 by Section 490.103, Government Code;

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

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

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

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

18 SECTION 1.17. A regional center of innovation and
19 commercialization established under Section 490.152, Government
20 Code, is abolished on the effective date of this Act. Each center
21 shall transfer to the office of the governor a copy of any meeting
22 minutes required to be retained under Section 490.1521, Government
23 Code, as that section existed immediately before that section's
24 repeal by this article, and the office shall retain the minutes for
25 the period prescribed by that section.

26 SECTION 1.18. On September 1, 2015, the Texas Emerging
27 Technology Advisory Committee established under Subchapter B,

1 Chapter 490, Government Code, is abolished.

2 SECTION 1.19. Except as provided by this Act, on September
3 1, 2015, the following powers, duties, functions, and activities
4 performed by the office of the governor immediately before that
5 date are transferred to the Texas Treasury Safekeeping Trust
6 Company:

7 (1) all powers, duties, functions, and activities
8 related to equity positions in the form of stock or other security
9 the governor has taken, on behalf of the state, in companies that
10 received awards under the Texas emerging technology fund before
11 September 1, 2015; and

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

16 SECTION 1.20. If a conflict exists between this Act and
17 another Act of the 84th Legislature, Regular Session, 2015, that
18 relates to the Texas emerging technology fund, this Act controls
19 without regard to the relative dates of enactment.

20 ARTICLE 2. ECONOMIC INCENTIVE OVERSIGHT BOARD

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

23 CHAPTER 490G. ECONOMIC INCENTIVE OVERSIGHT BOARD

24 Sec. 490G.001. DEFINITIONS. In this chapter:

25 (1) "Board" means the Economic Incentive Oversight
26 Board.

27 (2) "Monetary incentive" means a grant, loan, or other

1 form of monetary incentive paid from state revenues, including a
2 state trust fund, that a business entity or other person may receive
3 in exchange for or as a result of conducting an activity with an
4 economic development purpose.

5 (2-a) "Rural county" means a county with a population
6 of less than 60,000.

7 (3) "Tax incentive" means any exemption, deduction,
8 credit, exclusion, waiver, rebate, discount, deferral, or other
9 abatement or reduction of state tax liability of a business entity
10 or other person that the person may receive in exchange for or as a
11 result of conducting an activity with an economic development
12 purpose.

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

16 (1) two public members appointed by the speaker of the
17 house of representatives, one of whom must be from a rural county;

18 (2) two public members appointed by the lieutenant
19 governor, one of whom must be from a rural county;

20 (3) two public members appointed by the comptroller;
21 and

22 (4) two public members appointed by the governor.

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

26 (b-1) An individual is ineligible to serve on the board if
27 during the 120-day period preceding the date of appointment the

1 individual made a political contribution to the governor, the
2 comptroller, the lieutenant governor, or the speaker of the house
3 of representatives or to a candidate for election or selection to
4 any of those offices.

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

7 (d) The board members are entitled to reimbursement for
8 actual and necessary expenses incurred by the members in serving on
9 the board as provided by Chapter 660 and the General Appropriations
10 Act.

11 (e) The office of the governor shall provide administrative
12 support and staff to the board.

13 Sec. 490G.003. PRESIDING OFFICER. The governor shall
14 appoint the presiding officer of the board.

15 Sec. 490G.004. MEETINGS. (a) The board shall meet at least
16 quarterly at the call of the presiding officer.

17 (b) The board may hold a meeting by telephone conference
18 call or videoconference.

19 (c) A board meeting held under Subsection (b) is subject to
20 the requirements of Subchapter F, Chapter 551, Government Code,
21 except that a quorum of the board is not required to be physically
22 present at one location of the meeting.

23 Sec. 490G.005. REVIEW OF CERTAIN STATE INCENTIVE PROGRAMS;
24 PERFORMANCE MATRIX. (a) The board shall examine the effectiveness
25 and efficiency of programs and funds administered by the office of
26 the governor, the comptroller, or the Department of Agriculture
27 that award to business entities and other persons state monetary or

1 tax incentives for which the governor, comptroller, or department
2 has discretion in determining whether or not to award the
3 incentives.

4 (b) The board shall develop a performance matrix that
5 clearly establishes the economic performance indicators, measures,
6 and metrics that will guide the board's evaluations of those
7 programs and funds.

8 (c) In developing the performance matrix, the board shall
9 consider whether the performance matrix should address the
10 following factors in relation to each business entity or other
11 person that receives a state monetary or tax incentive under a
12 program or from a fund described by Subsection (a):

13 (1) economic factors, including:

14 (A) the investment made by the business entity or
15 other person in the economic development activity associated with
16 the receipt of the incentive;

17 (B) the economic output produced by the
18 associated economic development activity, including:

19 (i) direct project gains from economic
20 output, including contractor, supplier, and employee spending and
21 construction and event expenditures; and

22 (ii) ancillary or indirect benefits from
23 contractor, supplier, and employee spending and construction and
24 event expenditures; and

25 (C) the jobs created by the associated economic
26 development activity and:

27 (i) the wages and benefits paid for those

1 jobs; and

2 (ii) the general locations at which the
3 persons hired for those jobs resided at the time the persons were
4 hired, disaggregated by country, state, and county;

5 (2) fiscal factors, including:

6 (A) the amount of state monetary and tax
7 incentives received by the business entity or other person;

8 (B) the additional taxes and other revenue paid
9 to this state and to local governments because of the associated
10 economic development activity; and

11 (C) the public service and infrastructure costs
12 of the associated economic development activity; and

13 (3) intangible factors the board considers
14 appropriate.

15 Sec. 490G.006. SCHEDULE OF REVIEW; RECOMMENDATION TO
16 LEGISLATIVE AUDIT COMMITTEE. (a) The board shall develop a
17 schedule for the periodic review of each state incentive program or
18 fund described by Section 490G.005 for the purposes of making
19 recommendations on whether to continue the program or fund or
20 whether to improve program or fund effectiveness and efficiency.
21 The board shall review and make recommendations to the legislature
22 regarding each program or fund according to the review schedule.

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

27 Sec. 490G.007. ANNUAL REPORT. Not later than January 1 of

1 each year, the board shall submit to the lieutenant governor, the
2 speaker of the house of representatives, and each standing
3 committee of the senate and house of representatives with primary
4 jurisdiction over economic development a report containing
5 findings and recommendations resulting from each review of state
6 incentive programs and funds conducted by the board under this
7 chapter during the preceding calendar year.

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

14 (b) A board member who has a business, commercial, or other
15 relationship, other than an interest described by Subsection (a),
16 that could reasonably be expected to diminish the person's
17 independence of judgment in the performance of the person's
18 responsibilities in relation to the board shall disclose the
19 relationship in writing to the board and the Texas Ethics
20 Commission.

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

25 Sec. 490G.009. CONFIDENTIALITY OF INFORMATION. The
26 provision of information that is confidential by law to the board
27 does not affect the confidentiality of the information.

1 SECTION 2.02. (a) As soon as practicable after the effective
2 date of this Act, the appointing officials shall appoint members to
3 the Economic Incentive Oversight Board established under Chapter
4 490G, Government Code, as added by this article.

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

9 ARTICLE 3. ONLINE INFORMATION AND APPLICATION SYSTEM FOR
10 STATE INCENTIVES

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

13 CHAPTER 2301. ELECTRONIC ECONOMIC DEVELOPMENT INCENTIVES
14 INFORMATION AND APPLICATION SYSTEM

15 Sec. 2301.001. DEFINITIONS. In this chapter:

16 (1) "Department," "electronic government project,"
17 and "state electronic Internet portal" have the meanings assigned
18 by Section 2054.003.

19 (2) "Monetary incentive" means a grant, loan, or other
20 form of monetary incentive paid from state revenues, including a
21 state trust fund, that a business entity or other person may receive
22 in exchange for or as a result of conducting an activity with an
23 economic development purpose.

24 (3) "State agency" means a department, commission,
25 board, office, council, authority, or other state agency in the
26 executive branch of state government.

27 (4) "Tax incentive" means any exemption, deduction,

1 credit, exclusion, waiver, rebate, discount, deferral, or other
2 abatement or reduction of state tax liability of a business entity
3 or other person that the person may receive in exchange for or as a
4 result of conducting an activity with an economic development
5 purpose.

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

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

14 (2) includes an interactive tool that allows a
15 business entity to determine whether the entity may be eligible for
16 any state monetary or tax incentive in this state;

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

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

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

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

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

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

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

11 (B) standard data elements for use in creating
12 monetary and tax incentive opportunity announcement summaries,
13 including existing monetary and tax incentives and search
14 functions; and

15 (C) a common application form for a person to use
16 in applying for the following from multiple state agencies:

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

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

23 (2) a process for:

24 (A) improving interagency coordination of
25 information collection and sharing of data relating to monetary and
26 tax incentives; and

27 (B) improving the timeliness, completeness, and

1 quality of applications received by a state agency for monetary and
2 tax incentives described by Subdivision (1).

3 ARTICLE 4. PROGRAMS ADMINISTERED BY TEXAS ECONOMIC DEVELOPMENT

4 BANK

5 SECTION 4.01. The following laws are repealed:

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

8 SECTION 4.02. Section 447.013(i), Government Code, is
9 amended to read as follows:

10 (i) A recipient of a grant or loan under this section is
11 encouraged to purchase goods and services from small businesses and
12 historically underutilized businesses, as those terms are defined
13 by former Section 481.191, as that section existed on January 1,
14 2015 [~~Government Code~~].

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

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

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

23 [~~2~~] the capital access program established under
24 Section 481.405;

25 (2) [~~3~~] the Texas leverage fund;

26 (3) [~~4~~] ~~the linked deposit program established under~~
27 ~~Section 481.193,~~

1 ~~(5)~~ the enterprise zone program established under
2 Chapter 2303;

3 (4) ~~(6)~~ the industrial revenue bond program;

4 (5) ~~(7)~~ the defense economic readjustment zone
5 program established under Chapter 2310;

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

8 (7) ~~(9)~~ the renewal community program.

9 SECTION 4.04. Section 39.909(a), Utilities Code, is amended
10 to read as follows:

11 (a) In this section, "small business" and "historically
12 underutilized business" have the meanings assigned by former
13 Section 481.191, Government Code, as that section existed on
14 January 1, 2015.

15 SECTION 4.05. Section 52.256(a), Utilities Code, is amended
16 to read as follows:

17 (a) In this section, "small business" and "historically
18 underutilized business" have the meanings assigned by former
19 Section 481.191, Government Code, as that section existed on
20 January 1, 2015.

21 SECTION 4.06. (a) The Texas Economic Development Bank shall
22 reject any application for a linked deposit loan submitted to the
23 bank before the effective date of this Act for which a linked
24 deposit has not been made in accordance with Subchapter N, Chapter
25 481, Government Code, as that subchapter existed immediately before
26 being repealed by this article.

27 (b) Notwithstanding the repeal by this article of

1 Subchapter N, Chapter 481, Government Code, Subchapter N is
2 continued in effect for the limited purpose of allowing the Texas
3 Economic Development Bank to administer linked deposits made before
4 the effective date of this Act and to pursue the bank's remedies
5 under that subchapter if:

6 (1) a recipient of a loan to which a deposit is linked
7 defaults on the loan; or

8 (2) a lending institution that makes a loan for which a
9 linked deposit is made fails to comply with that subchapter.

10 SECTION 4.07. As soon as practicable after the effective
11 date of this Act, the Texas Economic Development Bank shall send to
12 the comptroller for deposit in the general revenue fund any revenue
13 or other money of the Texas Small Business Industrial Development
14 Corporation held in financial institutions as provided by Section
15 503.055, Local Government Code, as that section existed immediately
16 before that section's repeal by this article.

17 ARTICLE 5. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE

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

20 SUBCHAPTER H. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE

21 Sec. 62.161. DEFINITIONS. In this subchapter:

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

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

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

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

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

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

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

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

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

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

19 (9) "Private or independent institution of higher
20 education" has the meaning assigned by Section 61.003.

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

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

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

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

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

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

25 (1) award the full amount of matching funds from the
26 fund for new applications; or

27 (2) approve previously disapproved applications

1 submitted before the original application deadline for receipt of a
2 reduced grant amount.

3 (d) A matching grant received by an eligible institution
4 under this subchapter may not be considered as a basis to reduce,
5 directly or indirectly, the amount of money otherwise appropriated
6 to the institution.

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

10 (1) another eligible institution; or

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

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

16 Sec. 62.164. GRANT AWARD CRITERIA; PRIORITIES. (a) The
17 office may award grants only to grant proposals that involve the
18 recruitment of distinguished researchers in the fields of science,
19 technology, engineering, mathematics, and medicine. The office
20 shall give priority to proposals that:

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

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

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

1 eligible institution;

2 (4) are interdisciplinary and collaborative; or

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

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

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

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

13 (c) A grant proposal should identify a specific
14 distinguished researcher being recruited. In addition to the
15 factors considered in evaluating proposals considered a priority
16 under Subsection (a), the office may consider:

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

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

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

27 Sec. 62.165. CONFIDENTIALITY. Information collected or

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

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

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

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

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

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

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

26 (d) A member of the advisory board who is or has been
27 employed by, is or has been a party to a contract for any purpose

1 with, or is a student or former student of an applicant eligible
2 institution may not be involved in the review, evaluation, or
3 recommendation of a grant proposal made by that institution.

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

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

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

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

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

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

25 (b) The fund consists of:

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

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

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

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

8 ARTICLE 6. RENAMING OF MAJOR EVENTS TRUST FUND

9 SECTION 6.01. The heading to Section 5A, Chapter 1507 (S.B.
10 456), Acts of the 76th Legislature, Regular Session, 1999 (Article
11 5190.14, Vernon's Texas Civil Statutes), is amended to read as
12 follows:

13 Sec. 5A. PAYMENT OF STATE AND MUNICIPAL OR COUNTY
14 OBLIGATIONS UNDER[+] MAJOR EVENTS REIMBURSEMENT PROGRAM [~~TRUST~~
15 ~~FUND~~].

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

20 (a-1) An event not listed in Subsection (a)(4) of this
21 section is ineligible for funding under this section. A listed
22 event may receive funding through the Major Events Reimbursement
23 Program under this section only if:

24 (1) a site selection organization selects a site
25 located in this state for the event to be held one time or, for an
26 event scheduled to be held each year for a period of years under an
27 event contract, or an event support contract, one time each year for

1 the period of years, after considering, through a highly
2 competitive selection process, one or more sites that are not
3 located in this state;

4 (2) a site selection organization selects a site in
5 this state as:

6 (A) the sole site for the event; or

7 (B) the sole site for the event in a region
8 composed of this state and one or more adjoining states;

9 (3) the event is held not more than one time in any
10 year; and

11 (4) the amount of the incremental increase in tax
12 receipts determined by the comptroller under Subsection (b) of this
13 section equals or exceeds \$1 million, provided that for an event
14 scheduled to be held each year for a period of years under an event
15 contract or event support contract, the incremental increase in tax
16 receipts shall be calculated as if the event did not occur in the
17 prior year.

18 (d) Each endorsing municipality or endorsing county
19 participating in the Major Events Reimbursement Program shall remit
20 to the comptroller and the comptroller shall deposit into a trust
21 fund created by the comptroller and designated as the Major Events
22 reimbursement program [~~trust~~] fund the amount of the municipality's
23 or county's hotel occupancy tax revenue determined under Subsection
24 (b)(4) or (b)(5) of this section, less any amount of the revenue
25 that the municipality or county determines is necessary to meet the
26 obligations of the municipality or county. The comptroller shall
27 retain the amount of sales and use tax revenue and mixed beverage

1 tax revenue determined under Subsection (b)(2) or (b)(3) of this
2 section from the amounts otherwise required to be sent to the
3 municipality under Sections 321.502 and 183.051(b), Tax Code, or to
4 the county under Sections 323.502 and 183.051(b), Tax Code, and
5 deposit into the [~~trust~~] fund the tax revenues, less any amount of
6 the revenue that the municipality or county determines is necessary
7 to meet the obligations of the municipality or county. The
8 comptroller shall begin retaining and depositing the local tax
9 revenues with the first distribution of that tax revenue that
10 occurs after the first day of the one-year period described by
11 Subsection (b) of this section or at a time otherwise determined to
12 be practicable by the comptroller and shall discontinue retaining
13 the local tax revenues under this subsection when the amount of the
14 applicable tax revenue determined under Subsection (b)(2) or (b)(3)
15 of this section has been retained. The Major Events reimbursement
16 program [~~trust~~] fund is established outside the state treasury and
17 is held in trust by the comptroller for administration of this
18 Act. Money in the [~~trust~~] fund may be disbursed by the comptroller
19 without appropriation only as provided by this section.

20 (d-1) Not later than the 90th day after the last day of an
21 event eligible for funding under the Major Events Reimbursement
22 Program and in lieu of the local tax revenues remitted to or
23 retained by the comptroller under Subsection (d) of this section, a
24 municipality or county may remit to the comptroller for deposit in
25 the Major Events reimbursement program [~~trust~~] fund other local
26 funds in an amount equal to the total amount of local tax revenue
27 determined under Subsections (b)(2) through (5) of this

1 section. The amount deposited by the comptroller into the Major
2 Events reimbursement program [~~trust~~] fund under this subsection is
3 subject to Subsection (f) of this section.

4 (e) In addition to the tax revenue deposited in the Major
5 Events reimbursement program [~~trust~~] fund under Subsection (d) of
6 this section, an endorsing municipality or endorsing county may
7 guarantee its obligations under an event support contract and this
8 section by pledging surcharges from user fees, including parking or
9 ticket fees, charged in connection with the event. An endorsing
10 municipality or endorsing county may collect and remit to the
11 comptroller surcharges and user fees attributable to the event for
12 deposit into the Major Events reimbursement program [~~trust~~] fund.

13 (f) The comptroller shall deposit into the Major Events
14 reimbursement program [~~trust~~] fund a portion of the state tax
15 revenue not to exceed the amount determined under Subsection (b)(1)
16 of this section in an amount equal to the prevailing state sales tax
17 rate [~~6.25~~] times the amount of the local revenue retained or
18 remitted under this section, including:

- 19 (1) local sales and use tax revenue;
- 20 (2) mixed beverage tax revenue;
- 21 (3) hotel occupancy tax revenue; and
- 22 (4) surcharge and user fee revenue.

23 (g) To meet its obligations under a game support contract or
24 event support contract to improve, construct, renovate, or acquire
25 facilities or to acquire equipment, an endorsing municipality by
26 ordinance or an endorsing county by order may authorize the
27 issuance of notes. An endorsing municipality or endorsing county

1 may provide that the notes be paid from and secured by amounts on
2 deposit or amounts to be deposited into the Major Events
3 reimbursement program [~~trust~~] fund or surcharges from user fees,
4 including parking or ticket fees, charged in connection with the
5 event. Any note issued must mature not later than seven years from
6 its date of issuance.

7 (h) The funds in the Major Events reimbursement program
8 [~~trust~~] fund may be used to pay the principal of and interest on
9 notes issued by an endorsing municipality or endorsing county under
10 Subsection (g) of this section and to fulfill obligations of the
11 state or an endorsing municipality or endorsing county to a site
12 selection organization under a game support contract or event
13 support contract. Subject to Subsection (k) of this section, the
14 obligations may include the payment of costs relating to the
15 preparations necessary or desirable for the conduct of the event
16 and the payment of costs of conducting the event, including
17 improvements or renovations to existing facilities or other
18 facilities and costs of acquisition or construction of new
19 facilities or other facilities.

20 (j) Not later than the 30th day after the date a request of a
21 local organizing committee, endorsing municipality, or endorsing
22 county is submitted to the comptroller under Subsection (b-1) of
23 this section, the comptroller shall provide an estimate of the
24 total amount of tax revenue that would be deposited in the Major
25 Events reimbursement program [~~trust~~] fund under this section in
26 connection with that event, if the event were to be held in this
27 state at a site selected pursuant to an application by a local

1 organizing committee, endorsing municipality, or endorsing county.
2 A local organizing committee, endorsing municipality, or endorsing
3 county may submit the comptroller's estimate to a site selection
4 organization.

5 (k) The comptroller may make a disbursement from the Major
6 Events reimbursement program [~~trust~~] fund on the prior approval of
7 each contributing endorsing municipality or endorsing county for a
8 purpose for which a local organizing committee, an endorsing
9 municipality, or an endorsing county or the state is obligated
10 under a game support contract or event support contract. If an
11 obligation is incurred under a games support contract or event
12 support contract to make a structural improvement to the site or to
13 add a fixture to the site for purposes of an event and that
14 improvement or fixture is expected to derive most of its value in
15 subsequent uses of the site for future events, a disbursement from
16 the [~~trust~~] fund made for purposes of that obligation is limited to
17 five percent of the cost of the improvement or fixture and the
18 remainder of the obligation is not eligible for a disbursement from
19 the [~~trust~~] fund, unless the improvement or fixture is for a
20 publicly owned facility. In considering whether to make a
21 disbursement from the [~~trust~~] fund, the comptroller may not
22 consider a contingency clause in an event support contract as
23 relieving a local organizing committee's, endorsing
24 municipality's, or endorsing county's obligation to pay a cost
25 under the contract. A disbursement may not be made from the
26 [~~trust~~] fund that the comptroller determines would be used for the
27 purpose of soliciting the relocation of a professional sports

1 franchise located in this state.

2 (1) If a disbursement is made from the Major Events
3 reimbursement program [~~trust~~] fund under Subsection (k), the
4 obligation shall be satisfied proportionately from the state and
5 local revenue in the [~~trust~~] fund.

6 (m) On payment of all state, municipal, or county
7 obligations under a game support contract or event support contract
8 related to the location of any particular event in the state, the
9 comptroller shall remit to each endorsing entity, in proportion to
10 the amount contributed by the entity, any money remaining in the
11 [~~trust~~] fund.

12 (w) Not later than 10 months after the last day of an event
13 eligible for disbursements from the Major Events reimbursement
14 program [~~trust~~] fund for costs associated with the event, the
15 comptroller using existing resources shall complete a study in the
16 market area of the event on the measurable economic impact directly
17 attributable to the preparation for and presentation of the event
18 and related activities. The comptroller shall post on the
19 comptroller's Internet website:

20 (1) the results of the study conducted under this
21 subsection, including any source documentation or other
22 information relied on by the comptroller for the study;

23 (2) the amount of incremental increase in tax receipts
24 for the event determined under Subsection (b) of this section;

25 (3) the site selection organization documentation
26 described in Subsection (p)(3) of this section;

27 (4) any source documentation or information described

1 under Subsection (i) of this section that was relied on by the
2 comptroller in making the determination of the amount of
3 incremental increase in tax receipts under Subsection (b) of this
4 section; and

5 (5) documentation verifying that:

6 (A) a request submitted by a local organizing
7 committee, endorsing municipality, or endorsing county under
8 Subsection (p) of this section is complete and certified as such by
9 the comptroller;

10 (B) the determination on the amount of
11 incremental increases in tax receipts under Subsection (b) of this
12 section considered the information submitted by a local organizing
13 committee, endorsing municipality, or endorsing county as required
14 under Subsection (b-1) of this section; and

15 (C) each deadline established under this section
16 was timely met.

17 (y) After the conclusion of an event, the comptroller shall
18 compare information on the actual attendance figures provided to
19 the comptroller under Subsection (i) of this section with the
20 estimated attendance numbers used to determine the incremental
21 increase in tax receipts under Subsection (b) of this section. If
22 the actual attendance figures are significantly lower than the
23 estimated attendance numbers, the comptroller may reduce the amount
24 of a disbursement for an endorsing entity under the Major Events
25 reimbursement program [~~trust~~] fund in proportion to the discrepancy
26 between the actual and estimated attendance and in proportion to
27 the amount contributed to the fund by the entity. The comptroller

1 by rule shall define "significantly lower" for purposes of this
2 subsection and provide the manner in which a disbursement may be
3 proportionately reduced. This subsection does not affect the
4 remittance of any money remaining in the fund in accordance with
5 Subsection (m) of this section.

6 ARTICLE 7. EFFECTIVE DATE

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