

AN ACT

relating to state economic development measures, including administration of the Texas Enterprise Fund, creation of the Economic Incentive Oversight Board and the governor's university research initiative, abolishment of the Texas emerging technology fund, and renaming the Major Events trust fund to the Major Events Reimbursement Program.

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

ARTICLE 1. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE; ABOLISHMENT OF TEXAS EMERGING TECHNOLOGY FUND

SECTION 1.01. Chapter 62, Education Code, is amended by adding Subchapter H to read as follows:

SUBCHAPTER H. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE

Sec. 62.161. DEFINITIONS. In this subchapter:

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

(A) a Nobel laureate; or

(B) a member of the National Academy of Sciences, the National Academy of Engineering, or the National Academy of Medicine, formerly known as the Institute of Medicine.

(2) "Eligible institution" means a general academic teaching institution or medical and dental unit.

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

1           (4) "General academic teaching institution" has the  
2 meaning assigned by Section 61.003.

3           (5) "Medical and dental unit" has the meaning assigned  
4 by Section 61.003.

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

7           (7) "Private or independent institution of higher  
8 education" has the meaning assigned by Section 61.003.

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

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

15           Sec. 62.163. MATCHING GRANTS TO RECRUIT DISTINGUISHED  
16 RESEARCHERS. (a) From the governor's university research  
17 initiative fund, the office shall award matching grants to assist  
18 eligible institutions in recruiting distinguished researchers.

19           (b) An eligible institution may apply to the office for a  
20 matching grant from the fund. If the office approves a grant  
21 application, the office shall award to the applicant institution a  
22 grant amount equal to the amount committed by the institution for  
23 the recruitment of a distinguished researcher.

24           (c) A grant application must identify the source and amount  
25 of the eligible institution's matching funds and must demonstrate  
26 that the proposed use of the grant has the support of the  
27 institution's president and of the institution's governing board,

1 the chair of the institution's governing board, or the chancellor  
2 of the university system, if the institution is a component of a  
3 university system. An applicant eligible institution may commit  
4 for matching purposes any funds of the institution available for  
5 that purpose other than appropriated general revenue.

6 (d) A matching grant may not be used by an eligible  
7 institution to recruit a distinguished researcher from:

8 (1) another eligible institution; or

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

11 Sec. 62.164. GRANT AWARD CRITERIA; PRIORITIES. (a) In  
12 awarding grants, the office shall give priority to grant proposals  
13 that involve the recruitment of distinguished researchers in the  
14 fields of science, technology, engineering, mathematics, and  
15 medicine. With respect to proposals involving those fields, the  
16 office shall give priority to proposals that demonstrate a  
17 reasonable likelihood of contributing substantially to this  
18 state's national and global economic competitiveness.

19 (b) A grant proposal should identify a specific  
20 distinguished researcher being recruited.

21 Sec. 62.165. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE  
22 FUND. (a) The governor's university research initiative fund is a  
23 dedicated account in the general revenue fund.

24 (b) The fund consists of:

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

27 (2) money deposited to the fund under Section 62.166

1 of this subchapter or under Section 490.101(b-1), Government Code;  
2 and

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

5 (c) 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 Sec. 62.166. WINDING UP OF CONTRACTS AND AWARDS IN  
9 CONNECTION WITH TEXAS EMERGING TECHNOLOGY FUND. (a) The  
10 governor's university research initiative is the successor to the  
11 Texas emerging technology fund. Awards from the Texas emerging  
12 technology fund shall be wound up in accordance with this section  
13 and Section 490.104, Government Code, and contracts governing  
14 awards from that fund shall be wound up in accordance with this  
15 section.

16 (b) If a contract governing an award from the Texas emerging  
17 technology fund provides for the distribution of royalties,  
18 revenue, or other financial benefits to the state, including  
19 royalties, revenue, or other financial benefits realized from the  
20 commercialization of intellectual or real property developed from  
21 an award from the fund, those royalties, revenues, or other  
22 financial benefits shall continue to be distributed in accordance  
23 with the terms of the contract unless the award recipient and the  
24 governor agree otherwise. Unless otherwise required by law,  
25 royalties, revenue, or other financial benefits accruing to the  
26 state under a contract described by this subsection, including any  
27 money returned or repaid to the state by an award recipient, shall

1 be credited to the governor's university research initiative fund.

2 (c) If money awarded from the Texas emerging technology fund  
3 is encumbered by a contract executed before September 1, 2015, but  
4 has not been distributed before that date, the money shall be  
5 distributed from the governor's university research initiative  
6 fund in accordance with the terms of the contract, unless the award  
7 recipient and the governor agree otherwise.

8 (d) Except for an obligation regarding the distribution of  
9 royalties, revenue, or other financial benefits to the state as  
10 provided by Subsection (b), if money awarded from the Texas  
11 emerging technology fund under a contract executed before September  
12 1, 2015, has been fully distributed and the entity that received the  
13 award has fully performed all specific actions under the terms of  
14 the contract governing the award, the entity is considered to have  
15 fully satisfied the entity's obligations under the contract. The  
16 entity shall file with the office a final report showing the  
17 purposes for which the award money has been spent and, if award  
18 money remains unspent, the purposes for which the recipient will  
19 spend the remaining money.

20 Sec. 62.167. CONFIDENTIALITY OF INFORMATION CONCERNING  
21 AWARDS FROM TEXAS EMERGING TECHNOLOGY FUND. (a) Except as  
22 provided by Subsection (b), information collected under former  
23 provisions of Chapter 490, Government Code, concerning the  
24 identity, background, finance, marketing plans, trade secrets, or  
25 other commercially or academically sensitive information of an  
26 individual or entity that was considered for or received an award  
27 from the Texas emerging technology fund is confidential unless the

1 individual or entity consents to disclosure of the information.

2 (b) The following information collected in connection with  
3 the Texas emerging technology fund is public information and may be  
4 disclosed under Chapter 552, Government Code:

5 (1) the name and address of an individual or entity  
6 that received an award from that fund;

7 (2) the amount of funding received by an award  
8 recipient;

9 (3) a brief description of the project funded under  
10 former provisions of Chapter 490, Government Code;

11 (4) if applicable, a brief description of the equity  
12 position that the governor, on behalf of the state, has taken in an  
13 entity that received an award from that fund; and

14 (5) any other information with the consent of:

15 (A) the governor;

16 (B) the lieutenant governor;

17 (C) the speaker of the house of representatives;

18 and

19 (D) the individual or entity that received an  
20 award from that fund, if the information relates to that individual  
21 or entity.

22 Sec. 62.168. REPORTING REQUIREMENT. (a) Before the  
23 beginning of each regular session of the legislature the governor  
24 shall submit to the lieutenant governor, the speaker of the house of  
25 representatives, and the standing committees of each house of the  
26 legislature with primary jurisdiction over economic development  
27 and higher education matters and post on the office of the

1 governor's Internet website a report on matching grants made to  
2 eligible institutions from the fund that states:

3 (1) the total amount of matching funds granted by the  
4 office;

5 (2) the total amount of matching funds granted to each  
6 recipient institution;

7 (3) a brief description of each distinguished  
8 researcher recruited by each recipient institution, including any  
9 amount of external research funding that followed the distinguished  
10 researcher to the institution;

11 (4) a brief description of the expenditures made from  
12 the matching grant funds for each distinguished researcher; and

13 (5) when available, a brief description of each  
14 distinguished researcher's contribution to the state's economic  
15 competitiveness, including:

16 (A) any patents issued to the distinguished  
17 researcher after accepting employment by the recipient  
18 institution; and

19 (B) any external research funding, public or  
20 private, obtained by the distinguished researcher after accepting  
21 employment by the recipient institution.

22 (a-1) The report may not include information that is made  
23 confidential by law.

24 (b) The governor may require an eligible institution that  
25 receives a matching grant under this subchapter to submit, on a form  
26 the governor provides, information required to complete the report.

27 SECTION 1.02. Subchapter C, Chapter 490, Government Code,

1 is amended by adding Section 490.104 to read as follows:

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

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

8 (2) any other investments made by the governor, on  
9 behalf of the state, and associated assets in connection with an  
10 award made under the Texas emerging technology fund.

11 (b) The Texas Treasury Safekeeping Trust Company shall  
12 manage and wind up the state's emerging technology investment  
13 portfolio. The trust company shall wind up the portfolio in a  
14 manner that, to the extent feasible, provides for the maximum  
15 return on the state's investment. In managing those investments  
16 and associated assets through procedures and subject to  
17 restrictions that the trust company considers appropriate, the  
18 trust company may acquire, exchange, sell, supervise, manage, or  
19 retain any kind of investment or associated assets that a prudent  
20 investor, exercising reasonable care, skill, and caution, would  
21 acquire or retain in light of the purposes, terms, distribution  
22 requirements, and other circumstances then prevailing pertinent to  
23 each investment or associated asset. The trust company may recover  
24 its reasonable and necessary costs incurred in the management of  
25 the portfolio from the earnings on the investments and associated  
26 assets in the portfolio.

27 (c) Any realized proceeds or other earnings from the sale of



1 stock or other investments or associated assets in the state's  
2 emerging technology investment portfolio, less the amount  
3 permitted to be retained for payment of its costs for managing the  
4 portfolio as provided by Subsection (b), shall be remitted by the  
5 Texas Treasury Safekeeping Trust Company to the comptroller for  
6 deposit in the general revenue fund.

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

9 (e) On final liquidation of the state's emerging technology  
10 investment portfolio, the Texas Treasury Safekeeping Trust Company  
11 shall promptly notify the comptroller of that occurrence. As soon  
12 as practicable after receiving that notice, the comptroller shall  
13 verify that the final liquidation has been completed and, if the  
14 comptroller so verifies, shall certify to the governor that the  
15 final liquidation of the portfolio has been completed. The governor  
16 shall post notice of the certification on the office of the  
17 governor's Internet website.

18 (f) Any balance remaining in the Texas emerging technology  
19 fund on final liquidation by the Texas Treasury Safekeeping Trust  
20 Company shall be remitted to the comptroller for deposit in the  
21 general revenue fund.

22 SECTION 1.03. Section 490.101, Government Code, is amended  
23 by adding Subsections (b-1) and (b-2) to read as follows:

24 (b-1) Notwithstanding Subsection (b), benefits realized  
25 from a project undertaken with money from the fund, as provided by a  
26 contract entered into under former Section 490.103 before September  
27 1, 2015, shall be deposited to the credit of the governor's

1 university research initiative fund established under Subchapter  
2 H, Chapter 62, Education Code.

3 (b-2) The fund may be used only for the purposes described  
4 by Section 490.104.

5 SECTION 1.04. (a) The following laws are repealed:

6 (1) Sections 490.101(c), (d), (e), (f), (f-1), (g),  
7 (h), and (i), Government Code;

8 (2) Sections 490.102 and 490.103, Government Code; and

9 (3) Subchapters A, B, D, E, F, and G, Chapter 490,  
10 Government Code.

11 (b) The Texas emerging technology fund is continued solely  
12 for the purposes of winding up the contracts governing awards from  
13 that fund and the state's portfolio of equity positions and other  
14 investments and associated assets in connection with awards from  
15 that fund in accordance with Section 490.104, Government Code, as  
16 added by this Act. The Texas emerging technology fund is abolished  
17 and Sections 490.101(a), (b), (b-1), and (b-2), Government Code,  
18 are repealed when the comptroller certifies to the governor as  
19 provided by Section 490.104, Government Code, as added by this Act,  
20 that the final liquidation of the state's portfolio of equity  
21 positions and other investments and associated assets by the Texas  
22 Treasury Safekeeping Trust Company has been completed. On the  
23 effective date of this Act, any unencumbered fund balance in the  
24 Texas emerging technology fund may be appropriated in accordance  
25 with Subsection (e) of this section.

26 (c) The abolishment by this Act of the Texas emerging  
27 technology fund and the repeal of provisions of Chapter 490,

1 Government Code, relating to that fund do not affect the validity of  
2 an agreement between the governor and the recipient of an award  
3 awarded under Chapter 490, or a person to be awarded money under  
4 that chapter, that is executed before September 1, 2015. Those  
5 agreements shall be performed as provided by Section 62.166,  
6 Education Code, as added by this Act.

7 (d) A regional center of innovation and commercialization  
8 established under Section 490.152, Government Code, is abolished on  
9 the effective date of this Act. Each center shall transfer to the  
10 office of the governor a copy of any meeting minutes required to be  
11 retained under Section 490.1521, Government Code, as that section  
12 existed immediately before that section's repeal by this Act, and  
13 the office shall retain the minutes for the period prescribed by  
14 that section.

15 (e) Any unencumbered balance of the Texas emerging  
16 technology fund may be appropriated only to one or more of the  
17 following:

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

20 (2) the Texas research university fund, subject to  
21 Subsection (f) of this section;

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

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

27 (5) the comptroller for the purposes of expenses

1 incurred in managing the state's portfolio of equity positions and  
2 other investments in connection with awards from the Texas emerging  
3 technology fund in accordance with Section 490.104, Government  
4 Code, as added by this Act.

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

13 (f-1) On the effective date of this Act, the comptroller of  
14 public accounts shall transfer the encumbered balance of the Texas  
15 emerging technology fund to the credit of the governor's university  
16 research initiative fund established under Subchapter H, Chapter  
17 62, Education Code, as added by this Act, for the purposes of  
18 Section 62.166, Education Code, as added by this Act.

19 (g) Except as provided by this Act, on September 1, 2015,  
20 the following powers, duties, functions, and activities performed  
21 by the office of the governor immediately before that date are  
22 transferred to the Texas Treasury Safekeeping Trust Company:

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

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

5           (h) Notwithstanding the repeal by this Act of provisions of  
6 Chapter 490, Government Code, those provisions of Chapter 490 are  
7 continued in effect for the limited purpose of winding up contracts  
8 governing awards from the Texas emerging technology fund in  
9 accordance with Section 62.166, Education Code, as added by this  
10 Act, and of winding up the state's portfolio of equity positions and  
11 other investments and associated assets in connection with awards  
12 from that fund in accordance with Section 490.104, Government Code,  
13 as added by this Act.

14           ARTICLE 2. ECONOMIC INCENTIVE OVERSIGHT BOARD

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

17           CHAPTER 490G. ECONOMIC INCENTIVE OVERSIGHT BOARD

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

19           (1) "Board" means the Economic Incentive Oversight  
20 Board.

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

26           (2-a) "Rural county" means a county with a population  
27 of less than 60,000.

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

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

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

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

14           (3) two public members appointed by the comptroller;  
15 and

16           (4) three public members appointed by the governor.

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

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

22           (d) The board members are entitled to reimbursement for  
23 actual and necessary expenses incurred by the members in serving on  
24 the board as provided by Chapter 660 and the General Appropriations  
25 Act.

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

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

3       Sec. 490G.004. MEETINGS. (a) The board shall meet at least  
4 annually at the call of the presiding officer.

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

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

11       Sec. 490G.005. REVIEW OF CERTAIN STATE INCENTIVE PROGRAMS;  
12 PERFORMANCE MATRIX. (a) The board shall examine the effectiveness  
13 and efficiency of programs and funds administered by the office of  
14 the governor, the comptroller, or the Department of Agriculture  
15 that award to business entities and other persons state monetary or  
16 tax incentives for which the governor, comptroller, or department  
17 has discretion in determining whether or not to award the  
18 incentives.

19       (b) The board shall develop a performance matrix that  
20 clearly establishes the economic performance indicators, measures,  
21 and metrics that will guide the board's evaluations of those  
22 programs and funds.

23       Sec. 490G.006. SCHEDULE OF REVIEW; RECOMMENDATION TO  
24 LEGISLATIVE AUDIT COMMITTEE. (a) The board shall develop a  
25 schedule for the periodic review of each state incentive program or  
26 fund described by Section 490G.005 for the purposes of making  
27 recommendations on whether to continue the program or fund or

1 whether to improve program or fund effectiveness and efficiency.  
2 The board shall review and make recommendations to the legislature  
3 regarding each program or fund according to the review schedule.

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

8 Sec. 490G.007. BIENNIAL REPORT. Not later than January 1 of  
9 each odd-numbered year, the board shall submit to the lieutenant  
10 governor, the speaker of the house of representatives, and each  
11 standing committee of the senate and house of representatives with  
12 primary jurisdiction over economic development a report containing  
13 findings and recommendations resulting from each review of state  
14 incentive programs and funds conducted by the board under this  
15 chapter during the preceding two calendar years.

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

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

27 Sec. 490G.009. CONFIDENTIALITY OF INFORMATION. The



1 provision of information that is confidential by law to the board  
2 does not affect the confidentiality of the information.

3 SECTION 2.02. As soon as practicable after the effective  
4 date of this Act, the appointing officials shall appoint members to  
5 the Economic Incentive Oversight Board established under Chapter  
6 490G, Government Code, as added by this article.

7 ARTICLE 3. TEXAS ENTERPRISE FUND

8 SECTION 3.01. Section 481.078(e), Government Code, is  
9 amended to read as follows:

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

26 ARTICLE 4. RENAMING OF MAJOR EVENTS TRUST FUND

27 SECTION 4.01. The heading to Section 5A, Chapter 1507 (S.B.

1 456), Acts of the 76th Legislature, Regular Session, 1999 (Article  
2 5190.14, Vernon's Texas Civil Statutes), is amended to read as  
3 follows:

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

7           SECTION 4.02. Sections 5A(a-1), (d), (d-1), (e), (f), (g),  
8 (h), (j), (k), (l), (m), (w), and (y), Chapter 1507 (S.B. 456), Acts  
9 of the 76th Legislature, Regular Session, 1999 (Article 5190.14,  
10 Vernon's Texas Civil Statutes), are amended to read as follows:

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

15                   (1) a site selection organization selects a site  
16 located in this state for the event to be held one time or, for an  
17 event scheduled to be held each year for a period of years under an  
18 event contract, or an event support contract, one time each year for  
19 the period of years, after considering, through a highly  
20 competitive selection process, one or more sites that are not  
21 located in this state;

22                   (2) a site selection organization selects a site in  
23 this state as:

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

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

27                   (3) the event is held not more than one time in any

1 year; and

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

9           (d) Each endorsing municipality or endorsing county  
10 participating in the Major Events Reimbursement Program shall remit  
11 to the comptroller and the comptroller shall deposit into a trust  
12 fund created by the comptroller and designated as the Major Events  
13 reimbursement program [~~trust~~] fund the amount of the municipality's  
14 or county's hotel occupancy tax revenue determined under Subsection  
15 (b)(4) or (b)(5) of this section, less any amount of the revenue  
16 that the municipality or county determines is necessary to meet the  
17 obligations of the municipality or county. The comptroller shall  
18 retain the amount of sales and use tax revenue and mixed beverage  
19 tax revenue determined under Subsection (b)(2) or (b)(3) of this  
20 section from the amounts otherwise required to be sent to the  
21 municipality under Sections 321.502 and 183.051(b), Tax Code, or to  
22 the county under Sections 323.502 and 183.051(b), Tax Code, and  
23 deposit into the [~~trust~~] fund the tax revenues, less any amount of  
24 the revenue that the municipality or county determines is necessary  
25 to meet the obligations of the municipality or county. The  
26 comptroller shall begin retaining and depositing the local tax  
27 revenues with the first distribution of that tax revenue that

1 occurs after the first day of the one-year period described by  
2 Subsection (b) of this section or at a time otherwise determined to  
3 be practicable by the comptroller and shall discontinue retaining  
4 the local tax revenues under this subsection when the amount of the  
5 applicable tax revenue determined under Subsection (b)(2) or (b)(3)  
6 of this section has been retained. The Major Events reimbursement  
7 program [~~trust~~] fund is established outside the state treasury and  
8 is held in trust by the comptroller for administration of this  
9 Act. Money in the [~~trust~~] fund may be disbursed by the comptroller  
10 without appropriation only as provided by this section.

11 (d-1) Not later than the 90th day after the last day of an  
12 event eligible for funding under the Major Events Reimbursement  
13 Program and in lieu of the local tax revenues remitted to or  
14 retained by the comptroller under Subsection (d) of this section, a  
15 municipality or county may remit to the comptroller for deposit in  
16 the Major Events reimbursement program [~~trust~~] fund other local  
17 funds in an amount equal to the total amount of local tax revenue  
18 determined under Subsections (b)(2) through (5) of this  
19 section. The amount deposited by the comptroller into the Major  
20 Events reimbursement program [~~trust~~] fund under this subsection is  
21 subject to Subsection (f) of this section.

22 (e) In addition to the tax revenue deposited in the Major  
23 Events reimbursement program [~~trust~~] fund under Subsection (d) of  
24 this section, an endorsing municipality or endorsing county may  
25 guarantee its obligations under an event support contract and this  
26 section by pledging surcharges from user fees, including parking or  
27 ticket fees, charged in connection with the event. An endorsing

1 municipality or endorsing county may collect and remit to the  
2 comptroller surcharges and user fees attributable to the event for  
3 deposit into the Major Events reimbursement program [~~trust~~] fund.

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

- 10 (1) local sales and use tax revenue;
- 11 (2) mixed beverage tax revenue;
- 12 (3) hotel occupancy tax revenue; and
- 13 (4) surcharge and user fee revenue.

14 (g) To meet its obligations under a game support contract or  
15 event support contract to improve, construct, renovate, or acquire  
16 facilities or to acquire equipment, an endorsing municipality by  
17 ordinance or an endorsing county by order may authorize the  
18 issuance of notes. An endorsing municipality or endorsing county  
19 may provide that the notes be paid from and secured by amounts on  
20 deposit or amounts to be deposited into the Major Events  
21 reimbursement program [~~trust~~] fund or surcharges from user fees,  
22 including parking or ticket fees, charged in connection with the  
23 event. Any note issued must mature not later than seven years from  
24 its date of issuance.

25 (h) The funds in the Major Events reimbursement program  
26 [~~trust~~] fund may be used to pay the principal of and interest on  
27 notes issued by an endorsing municipality or endorsing county under

1 Subsection (g) of this section and to fulfill obligations of the  
2 state or an endorsing municipality or endorsing county to a site  
3 selection organization under a game support contract or event  
4 support contract. Subject to Subsection (k) of this section, the  
5 obligations may include the payment of costs relating to the  
6 preparations necessary or desirable for the conduct of the event  
7 and the payment of costs of conducting the event, including  
8 improvements or renovations to existing facilities or other  
9 facilities and costs of acquisition or construction of new  
10 facilities or other facilities.

11 (j) Not later than the 30th day after the date a request of a  
12 local organizing committee, endorsing municipality, or endorsing  
13 county is submitted to the comptroller under Subsection (b-1) of  
14 this section, the comptroller shall provide an estimate of the  
15 total amount of tax revenue that would be deposited in the Major  
16 Events reimbursement program [~~trust~~] fund under this section in  
17 connection with that event, if the event were to be held in this  
18 state at a site selected pursuant to an application by a local  
19 organizing committee, endorsing municipality, or endorsing county.  
20 A local organizing committee, endorsing municipality, or endorsing  
21 county may submit the comptroller's estimate to a site selection  
22 organization.

23 (k) The comptroller may make a disbursement from the Major  
24 Events reimbursement program [~~trust~~] fund on the prior approval of  
25 each contributing endorsing municipality or endorsing county for a  
26 purpose for which a local organizing committee, an endorsing  
27 municipality, or an endorsing county or the state is obligated

1 under a game support contract or event support contract. If an  
2 obligation is incurred under a games support contract or event  
3 support contract to make a structural improvement to the site or to  
4 add a fixture to the site for purposes of an event and that  
5 improvement or fixture is expected to derive most of its value in  
6 subsequent uses of the site for future events, a disbursement from  
7 the [~~trust~~] fund made for purposes of that obligation is limited to  
8 five percent of the cost of the improvement or fixture and the  
9 remainder of the obligation is not eligible for a disbursement from  
10 the [~~trust~~] fund, unless the improvement or fixture is for a  
11 publicly owned facility. In considering whether to make a  
12 disbursement from the [~~trust~~] fund, the comptroller may not  
13 consider a contingency clause in an event support contract as  
14 relieving a local organizing committee's, endorsing  
15 municipality's, or endorsing county's obligation to pay a cost  
16 under the contract. A disbursement may not be made from the  
17 [~~trust~~] fund that the comptroller determines would be used for the  
18 purpose of soliciting the relocation of a professional sports  
19 franchise located in this state.

20 (l) If a disbursement is made from the Major Events  
21 reimbursement program [~~trust~~] fund under Subsection (k), the  
22 obligation shall be satisfied proportionately from the state and  
23 local revenue in the [~~trust~~] fund.

24 (m) On payment of all state, municipal, or county  
25 obligations under a game support contract or event support contract  
26 related to the location of any particular event in the state, the  
27 comptroller shall remit to each endorsing entity, in proportion to

1 the amount contributed by the entity, any money remaining in the  
2 [~~trust~~] fund.

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

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

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

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

18 (4) any source documentation or information described  
19 under Subsection (i) of this section that was relied on by the  
20 comptroller in making the determination of the amount of  
21 incremental increase in tax receipts under Subsection (b) of this  
22 section; and

23 (5) documentation verifying that:

24 (A) a request submitted by a local organizing  
25 committee, endorsing municipality, or endorsing county under  
26 Subsection (p) of this section is complete and certified as such by  
27 the comptroller;



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

6                   (C) each deadline established under this section  
7 was timely met.

8           (y) After the conclusion of an event, the comptroller shall  
9 compare information on the actual attendance figures provided to  
10 the comptroller under Subsection (i) of this section with the  
11 estimated attendance numbers used to determine the incremental  
12 increase in tax receipts under Subsection (b) of this section. If  
13 the actual attendance figures are significantly lower than the  
14 estimated attendance numbers, the comptroller may reduce the amount  
15 of a disbursement for an endorsing entity under the Major Events  
16 reimbursement program [~~trust~~] fund in proportion to the discrepancy  
17 between the actual and estimated attendance and in proportion to  
18 the amount contributed to the fund by the entity. The comptroller  
19 by rule shall define "significantly lower" for purposes of this  
20 subsection and provide the manner in which a disbursement may be  
21 proportionately reduced. This subsection does not affect the  
22 remittance of any money remaining in the fund in accordance with  
23 Subsection (m) of this section.

24                                   ARTICLE 5. EFFECTIVE DATE

25                   SECTION 5.01. This Act takes effect September 1, 2015.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 26 was passed by the House on May 1, 2015, by the following vote: Yeas 136, Nays 1, 2 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 26 on May 28, 2015, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 26 on May 31, 2015, by the following vote: Yeas 132, Nays 7, 2 present, not voting.

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Chief Clerk of the House

H.B. No. 26

I certify that H.B. No. 26 was passed by the Senate, with amendments, on May 26, 2015, by the following vote: Yeas 31, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 26 on May 31, 2015, by the following vote: Yeas 30, Nays 1.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor