

SENATE AMENDMENTS

2nd Printing

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H.B. No. 26

A BILL TO BE ENTITLED

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 certain programs administered by the Texas Economic Development Bank, 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. TRUSTEED PROGRAMS WITHIN OFFICE OF GOVERNOR

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

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

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

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

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

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.

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

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

SECTION 1.15. The following laws are repealed:

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

(2) Sections 490.002 and 490.003, Government Code;

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

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

(5) Section 490.102, Government Code; and

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

SECTION 1.16. (a) The Texas emerging technology fund is continued solely for the purposes of winding up the contracts governing awards from that fund and the state's portfolio of equity positions and other investments in connection with awards from that fund in accordance with Section 490.104, Government Code, as added by this Act. The Texas emerging technology fund is abolished and Sections 490.101(a), (b), and (b-1), Government Code, are repealed when the comptroller certifies to the governor as provided by Section 490.104, Government Code, as added by this Act, that the final liquidation of the state's portfolio of equity positions and other investments by the Texas Treasury Safekeeping Trust Company 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,

Chapter 490, Government Code, is abolished.

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

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

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

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

ARTICLE 2. ECONOMIC INCENTIVE OVERSIGHT BOARD

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

CHAPTER 490G. ECONOMIC INCENTIVE OVERSIGHT BOARD

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

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

(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

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

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

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

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

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

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

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

ARTICLE 3. ONLINE INFORMATION AND APPLICATION SYSTEM FOR
STATE INCENTIVES

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

CHAPTER 2301. ELECTRONIC ECONOMIC DEVELOPMENT INCENTIVES

INFORMATION AND APPLICATION SYSTEM

Sec. 2301.001. DEFINITIONS. In this chapter:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 4. PROGRAMS ADMINISTERED BY TEXAS ECONOMIC DEVELOPMENT
BANK

SECTION 4.01. The following laws are repealed:

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

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

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

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

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

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

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

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

(3) ~~(4) the linked deposit program established under Section 481.193,~~

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

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

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

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

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

ARTICLE 5. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE

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

SUBCHAPTER H. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE

Sec. 62.161. DEFINITIONS. In this subchapter:

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

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

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

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

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

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

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

franchise located in this state.

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

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

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

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

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

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

(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.

ADOPTED

MAY 26 2015

Atay Shaw
Secretary of the Senate

By: Fraser

H.B. No. 26

Substitute the following for H.B. No. 26 :

By: fm

C.S. H.B. No. 26

A BILL TO BE ENTITLED

AN ACT

relating to state economic development measures, including
abolishment of the Texas emerging technology fund, creation of the
governor's university research initiative, and the administration
of programs to support certain events.

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 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.

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

(5) "Medical and dental unit" has the meaning assigned

1 by Section 61.003.

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

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

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

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

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

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

21 (c) A grant application must identify the source and amount
22 of the eligible institution's matching funds and must demonstrate
23 that the proposed use of the grant has the support of the
24 institution's president and of the institution's governing board,
25 the chair of the institution's governing board, or the chancellor
26 of the university system, if the institution is a component of a
27 university system. An applicant eligible institution may commit

for matching purposes any funds of the institution available for that purpose other than appropriated general revenue.

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

(1) another eligible institution; or

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

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

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

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

(b) The fund consists of:

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

(2) money deposited to the fund under Section 62.166 of this subchapter or under Section 490.101(b-1) or 490.104, Government Code; and

(3) gifts, grants, and other donations received for

1 the fund.

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

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

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

26 (c) If money awarded from the Texas emerging technology fund
27 is encumbered by a contract executed before September 1, 2015, but

1 has not been distributed before that date, the money shall be
2 distributed from the governor's university research initiative
3 fund in accordance with the terms of the contract, unless the award
4 recipient and the governor agree otherwise.

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

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

26 (b) The following information collected in connection with
27 the Texas emerging technology fund is public information and may be

1 disclosed under Chapter 552, Government Code:

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

4 (2) the amount of funding received by an award
5 recipient;

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

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

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

12 (A) the governor;

13 (B) the lieutenant governor;

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

15 and

16 (D) the individual or entity that received an
17 award from that fund, if the information relates to that individual
18 or entity.

19 Sec. 62.168. REPORTING REQUIREMENT. (a) Before the
20 beginning of each regular session of the legislature the governor
21 shall submit to the lieutenant governor, the speaker of the house of
22 representatives, and the standing committees of each house of the
23 legislature with primary jurisdiction over economic development
24 and higher education matters and post on the office of the
25 governor's Internet website a report on matching grants made to
26 eligible institutions from the fund that states:

27 (1) the total amount of matching funds granted by the

1 office;

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

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

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

10 (5) when available, a brief description of each
11 distinguished researcher's contribution to the state's economic
12 competitiveness, including:

13 (A) any patents issued to the distinguished
14 researcher after accepting employment by the recipient
15 institution; and

16 (B) any external research funding, public or
17 private, obtained by the distinguished researcher after accepting
18 employment by the recipient institution.

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

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

24 SECTION 1.02. Subchapter C, Chapter 490, Government Code,
25 is amended by adding Section 490.104 to read as follows:

26 Sec. 490.104. MANAGEMENT OF INVESTMENT PORTFOLIO; WINDING
27 UP AND FINAL LIQUIDATION. (a) In this section, "state's emerging

1 technology investment portfolio" means:

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

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

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

24 (c) Any realized proceeds or other earnings from the sale of
25 stock or other investments or associated assets in the state's
26 emerging technology investment portfolio, less the amount
27 permitted to be retained for payment of its costs for managing the

1 portfolio as provided by Subsection (b), shall be remitted by the
2 Texas Treasury Safekeeping Trust Company to the comptroller for
3 deposit in the governor's university initiative trust fund
4 established under Subchapter H, Chapter 62, Education Code.

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

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

16 (f) Any balance remaining in the Texas emerging technology
17 fund on final liquidation by the Texas Treasury Safekeeping Trust
18 Company shall be remitted to the comptroller for transfer to the
19 credit of the governor's university research initiative fund
20 established under Subchapter H, Chapter 62, Education Code.

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

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

1 H, Chapter 62, Education Code.

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

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

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

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

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

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

22 (c) The abolishment by this Act of the Texas emerging
23 technology fund and the repeal of provisions of Chapter 490,
24 Government Code, relating to that fund do not affect the validity of
25 an agreement between the governor and the recipient of an award
26 awarded under Chapter 490, or a person to be awarded money under
27 that chapter, that is executed before September 1, 2015. Those

1 agreements shall be performed as provided by Section 62.166,
2 Education Code, as added by this Act.

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

11 (e) On the effective date of this Act, the comptroller of
12 public accounts shall transfer the unexpended balance of the Texas
13 emerging technology fund, less an amount equal to 10 percent of the
14 net cash balance of that fund on August 31, 2014, as follows:

15 (1) 50 percent of the transferred amount to the credit
16 of the Texas Enterprise Fund under Section 481.078, Government
17 Code; and

18 (2) 50 percent of the transferred amount to the credit
19 of the governor's university research initiative fund established
20 under Subchapter H, Chapter 62, Education Code, as added by this
21 Act.

22 (f) After the comptroller makes the transfers required by
23 Subsection (e) of this section, the remaining amount of the
24 unexpended balance of the Texas emerging technology fund may be
25 used only by the Texas Treasury Safekeeping Trust Company for the
26 purposes of meeting the state's fiduciary obligations in winding up
27 the state's portfolio of equity positions and other investments and

1 associated assets in connection with awards from the Texas emerging
2 technology fund in accordance with Section 490.104, Government
3 Code, as added by this Act.

4 (f-1) On the effective date of this Act, the comptroller of
5 public accounts shall transfer the encumbered balance of the Texas
6 emerging technology fund to the credit of the governor's university
7 research initiative fund established under Subchapter H, Chapter
8 62, Education Code, as added by this Act, for the purposes of
9 Section 62.166, Education Code, as added by this Act.

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

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

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

23 (h) Notwithstanding the repeal by this Act of provisions of
24 Chapter 490, Government Code, those provisions of Chapter 490 are
25 continued in effect for the limited purpose of winding up contracts
26 governing awards from the Texas emerging technology fund in
27 accordance with Section 62.166, Education Code, as added by this

1 Act, and of winding up the state's portfolio of equity positions and
2 other investments and associated assets in connection with awards
3 from that fund in accordance with Section 490.104, Government Code,
4 as added by this Act.

5 ARTICLE 2. CERTAIN EVENTS FUNDS

6 SECTION 2.01. The heading to Section 4, Chapter 1507 (S.B.
7 456), Acts of the 76th Legislature, Regular Session, 1999 (Article
8 5190.14, Vernon's Texas Civil Statutes), is amended to read as
9 follows:

10 Sec. 4. GUARANTEE OF STATE AND MUNICIPAL OBLIGATIONS; PAN
11 AMERICAN GAMES REIMBURSEMENT [~~TRUST~~] FUND.

12 SECTION 2.02. Sections 4(b), (c), (d), (f), (g), (h), (j),
13 (k), and (m), Chapter 1507 (S.B. 456), Acts of the 76th Legislature,
14 Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil
15 Statutes), are amended to read as follows:

16 (b) If a site selection organization selects a site for the
17 games in this state pursuant to an application by a local organizing
18 committee acting on behalf of an endorsing municipality, after the
19 first occurrence of a measurable economic impact in this state as a
20 result of the preparation for the games, as determined by the
21 department [~~comptroller~~], but in no event later than one year
22 before the scheduled opening event of the games, the department
23 [~~comptroller~~] shall determine for each subsequent calendar
24 quarter, in accordance with procedures developed by the department
25 [~~comptroller~~]:

26 (1) the incremental increase in the receipts to the
27 state from the taxes imposed under Chapters 151, 152, 156, and 183,

1 Tax Code, and under Title 5, Alcoholic Beverage Code, within the
2 market areas designated under Subsection (c) of this section, that
3 is directly attributable, as determined by the department
4 ~~[comptroller]~~, to the preparation for and presentation of the games
5 and related events;

6 (2) the incremental increase in the receipts collected
7 by the state on behalf of the endorsing municipality from the sales
8 and use tax imposed by the endorsing municipality under Section
9 321.101(a), Tax Code, that is directly attributable, as determined
10 by the department ~~[comptroller]~~, to the preparation for and
11 presentation of the games and related events; and

12 (3) the incremental increase in the receipts collected
13 by the endorsing municipality from the municipality's hotel
14 occupancy tax imposed under Chapter 351, Tax Code, that is directly
15 attributable, as determined by the department ~~[comptroller]~~, to the
16 preparation for and presentation of the games and related events.

17 (c) For the purposes of Subsection (b)(1) of this section,
18 the department ~~[comptroller]~~ shall designate as a market area for
19 the games each area in which the department ~~[comptroller]~~
20 determines there is a reasonable likelihood of measurable economic
21 impact directly attributable to the preparation for and
22 presentation of the games and related events, including areas
23 likely to provide venues, accommodations, and services in
24 connection with the games based on the proposal provided by the
25 local organizing committee under Section 7 of this Act. The
26 department ~~[comptroller]~~ shall determine the geographic boundaries
27 of each market area. The endorsing municipality that has been

1 selected as the site for the games must be included in a market area
2 for the games.

3 (d) The comptroller, at the direction of the department,
4 shall retain, for the purpose of guaranteeing the joint obligations
5 of the state and the endorsing municipality under a games support
6 contract and this Act, the amount of municipal sales and use tax
7 revenue determined under Subsection (b)(2) of this section from the
8 amounts otherwise required to be sent to the municipality under
9 Section 321.502, Tax Code, beginning with the first distribution of
10 that tax revenue that occurs after the date the department
11 ~~[comptroller]~~ makes the determination of the amount of municipal
12 sales and use tax revenue under Subsection (b)(2). The comptroller
13 shall discontinue retaining municipal sales and use tax revenue
14 under this subsection on the earlier of:

15 (1) the end of the third calendar month following the
16 month in which the closing event of the games occurs; or

17 (2) the date the amount of municipal sales and use tax
18 revenue and municipal hotel occupancy tax revenue in the Pan
19 American Games reimbursement ~~[trust]~~ fund equals 14 percent of the
20 maximum amount of state and municipal tax revenue that may be
21 transferred to or deposited in the ~~[trust]~~ fund under Subsection
22 (m) of this section.

23 (f) Subject to Subsection (m) of this section, the
24 comptroller, at the direction of the department, shall deposit into
25 a ~~[trust]~~ fund designated as the Pan American Games reimbursement
26 ~~[trust]~~ fund the amount of municipal sales and use tax revenue
27 retained under Subsection (d) of this section and, at the same time,

1 shall transfer to the fund a portion of the state tax revenue
2 determined by the department under Subsection (b)(1) of this
3 section in an amount equal to 6.25 times the amount of that
4 municipal sales and use tax revenue. Subject to Subsection (m) of
5 this section, the endorsing municipality shall deposit into the
6 ~~[trust]~~ fund the amount of the endorsing municipality's hotel
7 occupancy tax revenue determined by the department under Subsection
8 (b)(3) of this section. The endorsing municipality shall deposit
9 that hotel occupancy tax revenue into the ~~[trust]~~ fund at least
10 quarterly. When the endorsing municipality makes a deposit of its
11 hotel occupancy tax revenue, the comptroller, at the direction of
12 the department, shall transfer to the fund ~~[deposit]~~ at the same
13 time a portion of the state tax revenue determined under Subsection
14 (b)(1) of this section in an amount equal to 6.25 times the amount
15 of that municipal hotel occupancy tax revenue. The Pan American
16 Games reimbursement ~~[trust]~~ fund is established outside the
17 treasury but is held in trust by the comptroller for the
18 administration of this Act. Money in the ~~[trust]~~ fund may be spent
19 by the department without appropriation only as provided by this
20 Act. The comptroller shall discontinue transferring ~~[depositing]~~
21 into the ~~[trust]~~ fund any state tax revenue determined by the
22 department under Subsection (b)(1) of this section on the earlier
23 of:

24 (1) the end of the third calendar month following the
25 month in which the closing event of the games occurs; or

26 (2) the date on which the amount of state revenue in
27 the Pan American Games reimbursement ~~[trust]~~ fund equals 86 percent

1 of the maximum amount of state and municipal tax revenue that may be
2 transferred to or deposited in the [~~trust~~] fund under Subsection
3 (m) of this section.

4 (g) The department may use the money [~~funds~~] in the Pan
5 American Games reimbursement [~~trust~~] fund only to fulfill joint
6 obligations of the state and the endorsing municipality to a site
7 selection organization under a games support contract or any other
8 agreement providing assurances from the department or the endorsing
9 municipality to a site selection organization.

10 (h) A local organizing committee shall provide information
11 required by the department [~~comptroller~~] to enable the department
12 [~~comptroller~~] to fulfill the department's [~~comptroller's~~] duties
13 under this Act, including annual audited statements of the local
14 organizing committee's financial records required by a site
15 selection organization and data obtained by the local organizing
16 committee relating to attendance at the games and to the economic
17 impact of the games. A local organizing committee must provide an
18 annual audited financial statement required by the department
19 [~~comptroller~~] not later than the end of the fourth month after the
20 date the period covered by the financial statement ends.

21 (j) The department may not make a disbursement from the Pan
22 American Games reimbursement [~~trust~~] fund unless the department
23 [~~comptroller~~] certifies that the disbursement is for a purpose for
24 which the state and the endorsing municipality are jointly
25 obligated under a games support contract or other agreement
26 described by Subsection (g) of this section.

27 (k) If the department [~~comptroller~~] certifies under

1 Subsection (j) of this section that a disbursement may be made from
2 the Pan American Games reimbursement ~~[trust]~~ fund, the obligation
3 shall be satisfied first out of municipal revenue deposited in the
4 ~~[trust]~~ fund and any interest earned on that municipal revenue. If
5 the municipal revenue is not sufficient to satisfy the entire
6 deficit, state revenue transferred ~~[deposited]~~ into the ~~[trust]~~
7 fund and any interest earned on that state revenue shall be used to
8 satisfy the portion of the deficit not covered by the municipal
9 revenue.

10 (m) In no event may:

11 (1) the total amount of state and municipal tax
12 revenue transferred to or deposited in the Pan American Games
13 reimbursement ~~[trust]~~ fund exceed \$20 million; or

14 (2) the joint liability of the state and the endorsing
15 municipality under a joinder agreement and any other games support
16 contracts entered into pursuant to this Act exceed the lesser of:

17 (A) \$20 million; or

18 (B) the total amount of revenue transferred to or
19 deposited in the Pan American Games reimbursement ~~[trust]~~ fund and
20 interest earned on the fund.

21 SECTION 2.03. Sections 4(i) and (l), Chapter 1507 (S.B.
22 456), Acts of the 76th Legislature, Regular Session, 1999 (Article
23 5190.14, Vernon's Texas Civil Statutes), as amended by Chapters 579
24 (H.B. 1675) and 814 (S.B. 275), Acts of the 78th Legislature,
25 Regular Session, 2003, are reenacted and amended to read as
26 follows:

27 (i) The department ~~[comptroller]~~ shall provide an estimate

1 not later than September ~~[December]~~ 1 [~~7-2003~~] of the year that is
2 eight years before the year in which the games would be held in this
3 state of the total amount of state and municipal tax revenue that
4 would be transferred to or deposited in the Pan American Games
5 reimbursement ~~[trust]~~ fund before January 1 [~~7-2012~~] of the year
6 following the year in which the games would be held, if the games
7 were to be held in this state at a site selected pursuant to an
8 application by a local organizing committee. The department
9 ~~[comptroller]~~ shall provide the estimate on request to a local
10 organizing committee. A local organizing committee may submit the
11 department's ~~[comptroller's]~~ estimate to a site selection
12 organization.

13 (1) On January 1 [~~7-2013~~] of the second year following the
14 year in which the games are held in this state, the comptroller, at
15 the direction of the department, shall transfer to the general
16 revenue fund any money remaining in the Pan American Games
17 reimbursement ~~[trust]~~ fund, not to exceed the amount of state
18 revenue remaining in the ~~[trust]~~ fund, plus any interest earned on
19 that state revenue. The comptroller shall remit to the endorsing
20 municipality any money remaining in the ~~[trust]~~ fund after the
21 required amount is transferred to the general revenue fund.

22 SECTION 2.04. The heading to Section 5, Chapter 1507 (S.B.
23 456), Acts of the 76th Legislature, Regular Session, 1999 (Article
24 5190.14, Vernon's Texas Civil Statutes), is amended to read as
25 follows:

26 Sec. 5. GUARANTEE OF STATE AND MUNICIPAL OBLIGATIONS;
27 OLYMPIC GAMES REIMBURSEMENT ~~[TRUST]~~ FUND.

1 SECTION 2.05. Sections 5(b), (c), (d), (f), (g), (h), (i),
2 (j), (k), (l), and (m), Chapter 1507 (S.B. 456), Acts of the 76th
3 Legislature, Regular Session, 1999 (Article 5190.14, Vernon's
4 Texas Civil Statutes), are amended to read as follows:

5 (b) If a site selection organization selects a site for the
6 games in this state pursuant to an application by a local organizing
7 committee, after the first occurrence of a measurable economic
8 impact in this state as a result of the preparation for the games,
9 as determined by the department ~~[comptroller]~~, but in no event
10 later than one year before the scheduled opening event of the games,
11 the department ~~[comptroller]~~ shall determine for each subsequent
12 calendar quarter, in accordance with procedures developed by the
13 department ~~[comptroller]~~:

14 (1) the incremental increase in the receipts to the
15 state from the taxes imposed under Chapters 151, 152, 156, and 183,
16 Tax Code, and under Title 5, Alcoholic Beverage Code, within the
17 market areas designated under Subsection (c) of this section, that
18 is directly attributable, as determined by the department
19 ~~[comptroller]~~, to the preparation for and presentation of the games
20 and related events;

21 (2) the incremental increase in the receipts collected
22 by the state on behalf of each endorsing municipality from the sales
23 and use tax imposed by the endorsing municipality under Section
24 321.101(a), Tax Code, and the mixed beverage tax revenue to be
25 received by the endorsing municipality under Section 183.051(b),
26 Tax Code, that is directly attributable, as determined by the
27 department ~~[comptroller]~~, to the preparation for and presentation

1 of the games and related events;

2 (3) the incremental increase in the receipts collected
3 by the state on behalf of each endorsing county from the sales and
4 use tax imposed by the county under Section 323.101(a), Tax Code,
5 and the mixed beverage tax revenue to be received by the endorsing
6 county under Section 183.051(b), Tax Code, that is directly
7 attributable, as determined by the department [~~comptroller~~], to the
8 preparation for and presentation of the games and related events;

9 (4) the incremental increase in the receipts collected
10 by each endorsing municipality from the hotel occupancy tax imposed
11 under Chapter 351, Tax Code, that is directly attributable, as
12 determined by the department [~~comptroller~~], to the preparation for
13 and presentation of the games and related events; and

14 (5) the incremental increase in the receipts collected
15 by each endorsing county from the hotel occupancy tax imposed under
16 Chapter 352, Tax Code, that is directly attributable, as determined
17 by the department [~~comptroller~~], to the preparation for and
18 presentation of the games and related events.

19 (c) For the purposes of Subsection (b)(1) of this section,
20 the department [~~comptroller~~] shall designate as a market area for
21 the games each area in which the department [~~comptroller~~]
22 determines there is a reasonable likelihood of measurable economic
23 impact directly attributable to the preparation for and
24 presentation of the games and related events, including areas
25 likely to provide venues, accommodations, and services in
26 connection with the games based on the proposal provided by the
27 local organizing committee under Section 7 of this Act. The

1 department [~~comptroller~~] shall determine the geographic boundaries
2 of each market area. Each endorsing municipality or endorsing
3 county that has been selected as the site for the games must be
4 included in a market area for the games.

5 (d) Subject to Section 6 of this Act, the comptroller, at
6 the direction of the department, shall retain, for the purpose of
7 guaranteeing the joint obligations of the state and an endorsing
8 municipality or endorsing county under a games support contract and
9 this Act, the amount of sales and use tax revenue and mixed beverage
10 tax revenue determined under Subsection (b)(2) or (b)(3) of this
11 section from the amounts otherwise required to be sent to the
12 municipality under Section 183.051(b) or 321.502, Tax Code, or to
13 the county under Section 183.051(b) or 323.502, Tax Code, beginning
14 with the first distribution of that tax revenue that occurs after
15 the date the department [~~comptroller~~] makes the determination of
16 the amount of sales and use tax revenue and mixed beverage tax
17 revenue under Subsection (b)(2) or (b)(3) of this section. The
18 comptroller shall discontinue retaining sales and use tax revenue
19 and mixed beverage tax revenue under this subsection on the earlier
20 of:

21 (1) the end of the third calendar month following the
22 month in which the closing event of the games occurs; or

23 (2) the date the amount of local sales and use tax
24 revenue and mixed beverage tax revenue in the Olympic Games
25 reimbursement [~~trust~~] fund equals 14 percent of the maximum amount
26 of state and local tax revenue that may be transferred to or
27 deposited in the [~~trust~~] fund under Subsection (m) of this section.

1 (f) Subject to Subsection (m) of this section, each
2 endorsing municipality or endorsing county shall remit to the
3 comptroller and the comptroller, at the direction of the
4 department, shall deposit into a trust fund designated as the
5 Olympic Games reimbursement [~~trust~~] fund, on a quarterly basis, the
6 amount of the municipality's or county's hotel occupancy tax
7 revenue determined by the department under Subsection (b)(4) or
8 (b)(5) of this section, as applicable. Subject to Section 6 of this
9 Act and Subsection (m) of this section, the comptroller, at the
10 direction of the department, shall deposit into the [~~trust~~] fund
11 the amount of sales and use tax revenue and mixed beverage tax
12 revenue retained under Subsection (d) of this section for the same
13 calendar quarter and, at the same time, shall transfer to the fund
14 the state tax revenue determined by the department under Subsection
15 (b)(1) of this section for the quarter. The Olympic Games
16 reimbursement [~~trust~~] fund is established outside the treasury but
17 is held in trust by the comptroller for the administration of this
18 Act. Money in the [~~trust~~] fund may be spent by the department
19 without appropriation only as provided by this Act. The
20 comptroller shall discontinue transfer [~~deposit~~] of the amount of
21 state tax revenue determined by the department under Subsection
22 (b)(1) of this section on the earlier of:

23 (1) the end of the third calendar month following the
24 month in which the closing event of the games occurs; or

25 (2) the date the amount of state revenue in the Olympic
26 Games reimbursement [~~trust~~] fund equals 86 percent of the maximum
27 amount of state, municipal, and county tax revenue that may be

1 transferred to or deposited in the [~~trust~~] fund under Subsection
2 (m) of this section.

3 (g) The department may use the money [~~funds~~] in the Olympic
4 Games reimbursement [~~trust~~] fund only to fulfill joint obligations
5 of the state and each endorsing municipality or endorsing county to
6 a site selection organization under a games support contract or any
7 other agreement providing assurances from the department or the
8 municipality or county to a site selection organization.

9 (h) A local organizing committee shall provide information
10 required by the department [~~comptroller~~] to enable the department
11 [~~comptroller~~] to fulfill the department's [~~comptroller's~~] duties
12 under this Act, including annual audited statements of the local
13 organizing committee's financial records required by a site
14 selection organization and data obtained by the local organizing
15 committee relating to attendance at the games and to the economic
16 impact of the games. A local organizing committee must provide an
17 annual audited financial statement required by the department
18 [~~comptroller~~] not later than the end of the fourth month after the
19 date the period covered by the financial statement ends.

20 (i) The department [~~comptroller~~] shall provide an estimate
21 before August 31 of the year that is 12 years before the year in
22 which the games would be held in this state, or as soon as practical
23 after that date, of the total amount of state, municipal, and county
24 tax revenue that would be transferred to or deposited in the Olympic
25 Games reimbursement [~~trust~~] fund if the games were to be held in
26 this state at a site selected pursuant to an application by a local
27 organizing committee. The department [~~comptroller~~] shall provide

1 the estimate on request to a local organizing committee. A local
2 organizing committee may submit the department's [~~comptroller's~~]
3 estimate to a site selection organization.

4 (j) The department may not make a disbursement from the
5 Olympic Games reimbursement [~~trust~~] fund unless the department
6 [~~comptroller~~] certifies that the disbursement is for a purpose for
7 which the state and each endorsing municipality or endorsing county
8 are jointly obligated under a games support contract or other
9 agreement described by Subsection (g) of this section. A
10 disbursement may not be made from the [~~trust~~] fund that the
11 department determines would be used for the purpose of soliciting
12 the relocation of a professional sports franchise located in this
13 state.

14 (k) If the department [~~comptroller~~] certifies under
15 Subsection (j) of this section that a disbursement may be made from
16 the Olympic Games reimbursement [~~trust~~] fund, the obligation shall
17 be satisfied proportionately from the state and municipal or county
18 revenue in the [~~trust~~] fund.

19 (l) Two years after the closing event of the games, the
20 department [~~comptroller~~] shall transfer to the general revenue fund
21 any money remaining in the Olympic Games reimbursement [~~trust~~]
22 fund, not to exceed the amount of state revenue remaining in the
23 [~~trust~~] fund, plus any interest earned on that state revenue. The
24 department [~~comptroller~~] shall remit to each endorsing entity in
25 proportion to the amount contributed by the entity any money
26 remaining in the [~~trust~~] fund after the required amount is
27 transferred to the general revenue fund.

1 (m) In no event may:

2 (1) the total amount of state, municipal, and county
3 tax revenue transferred to or deposited in the Olympic Games
4 reimbursement [~~trust~~] fund exceed \$100 million; or

5 (2) the joint liability of the state and an endorsing
6 municipality or county under a joinder agreement and any other
7 games support contracts entered into pursuant to this Act exceed
8 the lesser of:

9 (A) \$100 million; or

10 (B) the total amount of revenue transferred to or
11 deposited in the Olympic Games reimbursement [~~trust~~] fund and
12 interest earned on the fund.

13 SECTION 2.06. The heading to Section 5A, Chapter 1507 (S.B.
14 456), Acts of the 76th Legislature, Regular Session, 1999 (Article
15 5190.14, Vernon's Texas Civil Statutes), is amended to read as
16 follows:

17 Sec. 5A. PAYMENT OF STATE AND MUNICIPAL OR COUNTY
18 OBLIGATIONS; MAJOR EVENTS REIMBURSEMENT [~~TRUST~~] FUND.

19 SECTION 2.07. Sections 5A(a)(1) and (2), Chapter 1507 (S.B.
20 456), Acts of the 76th Legislature, Regular Session, 1999 (Article
21 5190.14, Vernon's Texas Civil Statutes), are amended to read as
22 follows:

23 (1) "Endorsing county" means:

24 (A) a county that contains a site selected by a
25 site selection organization for one or more events; or

26 (B) a county that:

27 (i) does not contain a site selected by a

1 site selection organization for an event;

2 (ii) is included in the market area for the
3 event as designated by the department ~~[comptroller]~~; and

4 (iii) is a party to an event support
5 contract.

6 (2) "Endorsing municipality" means:

7 (A) a municipality that contains a site selected
8 by a site selection organization for one or more events; or

9 (B) a municipality that:

10 (i) does not contain a site selected by a
11 site selection organization for an event;

12 (ii) is included in the market area for the
13 event as designated by the department ~~[comptroller]~~; and

14 (iii) is a party to an event support
15 contract.

16 SECTION 2.08. Sections 5A(a-1), (a-2), (b), (b-1), (c),
17 (d), (d-1), (e), (f), (g), (i), (j), (k), (l), (m), (p), (v), (w),
18 and (y), Chapter 1507 (S.B. 456), Acts of the 76th Legislature,
19 Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil
20 Statutes), are amended to read as follows:

21 (a-1) An event not listed in Subsection (a)(4) of this
22 section is ineligible for funding under this section. A listed
23 event may receive funding 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 department ~~[comptroller]~~ under
13 Subsection (b) of this section equals or exceeds \$1 million,
14 provided that for an event scheduled to be held each year for a
15 period of years under an event contract or event support contract,
16 the incremental increase in tax receipts shall be calculated as if
17 the event did not occur in the prior year.

18 (a-2) Subsection (a-1)(1) of this section does not apply to
19 an event that is the largest event held each year at a sports
20 entertainment venue in this state with a permanent seating
21 capacity, including grandstand and premium seating, of not less
22 than 125,000. If an endorsing municipality or endorsing county
23 requests the department ~~[comptroller]~~ to make a determination under
24 Subsection (b) of this section for an event described by this
25 subsection, the provisions of this section apply to that event as if
26 it satisfied the eligibility requirements for an event under
27 Subsection (a-1)(1) of this section.

1 (b) If a site selection organization selects a site for an
2 event in this state pursuant to an application by a local organizing
3 committee, endorsing municipality, or endorsing county, upon
4 request of a local organizing committee, endorsing municipality, or
5 endorsing county, the department [~~comptroller~~] shall determine for
6 a one-year period that begins two months before the date on which
7 the event will begin, in accordance with procedures developed by
8 the department [~~comptroller~~]:

9 (1) the incremental increase in the receipts to the
10 state from taxes imposed under Chapters 151, 152, 156, and 183, Tax
11 Code, and under Title 5, Alcoholic Beverage Code, within the market
12 areas designated under Subsection (c) of this section, that is
13 directly attributable, as determined by the department
14 [~~comptroller~~], to the preparation for and presentation of the event
15 and related activities;

16 (2) the incremental increase in the receipts collected
17 by the state on behalf of each endorsing municipality in the market
18 area from the sales and use tax imposed by each endorsing
19 municipality under Section 321.101(a), Tax Code, and the mixed
20 beverage tax revenue to be received by each endorsing municipality
21 under Section 183.051(b), Tax Code, that is directly attributable,
22 as determined by the department [~~comptroller~~], to the preparation
23 for and presentation of the event and related activities;

24 (3) the incremental increase in the receipts collected
25 by the state on behalf of each endorsing county in the market area
26 from the sales and use tax imposed by each endorsing county under
27 Section 323.101(a), Tax Code, and the mixed beverage tax revenue to

1 be received by each endorsing county under Section 183.051(b), Tax
2 Code, that is directly attributable, as determined by the
3 department [~~comptroller~~], to the preparation for and presentation
4 of the event and related activities;

5 (4) the incremental increase in the receipts collected
6 by each endorsing municipality in the market area from the hotel
7 occupancy tax imposed under Chapter 351, Tax Code, that is directly
8 attributable, as determined by the department [~~comptroller~~], to the
9 preparation for and presentation of the event and related
10 activities; and

11 (5) the incremental increase in the receipts collected
12 by each endorsing county in the market area from the hotel occupancy
13 tax imposed under Chapter 352, Tax Code, that is directly
14 attributable, as determined by the department [~~comptroller~~], to the
15 preparation for and presentation of the event and related
16 activities.

17 (b-1) A request for a determination of the amount of
18 incremental increase in tax receipts specified by Subsection (b) of
19 this section must be submitted to the department [~~comptroller~~] not
20 earlier than one year and not later than 45 days before the date the
21 event begins. The department [~~comptroller~~] shall base the
22 determination specified by Subsection (b) of this section on
23 information submitted by the local organizing committee, endorsing
24 municipality, or endorsing county, and must make the determination
25 not later than the 30th day after the date the department
26 [~~comptroller~~] receives the request and related information.

27 (c) For the purposes of Subsection (b)(1) of this section,

1 the department [~~comptroller~~] shall designate as a market area for
2 the event each area in which the department [~~comptroller~~]
3 determines there is a reasonable likelihood of measurable economic
4 impact directly attributable to the preparation for and
5 presentation of the event and related activities, including areas
6 likely to provide venues, accommodations, and services in
7 connection with the event based on the proposal provided by the
8 local organizing committee to the department [~~comptroller~~]. The
9 department [~~comptroller~~] shall determine the geographic boundaries
10 of each market area. An endorsing municipality or endorsing county
11 that has been selected as the site for the event must be included in
12 a market area for the event.

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

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

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

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

11 (f) The comptroller, at the direction of the department,
12 shall transfer [~~deposit~~] into the Major Events reimbursement
13 [~~trust~~] fund a portion of the state tax revenue not to exceed the
14 amount determined by the department under Subsection (b)(1) of this
15 section in an amount equal to 6.25 times the amount of the local
16 revenue retained or remitted under this section, including:

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

21 (g) To meet its obligations under a game support contract or
22 event support contract to improve, construct, renovate, or acquire
23 facilities or to acquire equipment, an endorsing municipality by
24 ordinance or an endorsing county by order may authorize the
25 issuance of notes. An endorsing municipality or endorsing county
26 may provide that the notes be paid from and secured by amounts on
27 deposit or amounts to be deposited into the Major Events

1 reimbursement ~~[trust]~~ fund or surcharges from user fees, including
2 parking or ticket fees, charged in connection with the event. Any
3 note issued must mature not later than seven years from its date of
4 issuance.

5 (i) A local organizing committee, endorsing municipality,
6 or endorsing county shall provide information required by the
7 department ~~[comptroller]~~ to enable the department ~~[comptroller]~~ to
8 fulfill the department's ~~[comptroller's]~~ duties under this section,
9 including annual audited statements of any financial records
10 required by a site selection organization and data obtained by the
11 local organizing committee, an endorsing municipality, or an
12 endorsing county relating to attendance at the event, including an
13 estimate of the number of people expected to attend the event who
14 are not residents of this state, and to the economic impact of the
15 event. A local organizing committee, endorsing municipality, or
16 endorsing county must provide an annual audited financial statement
17 required by the department ~~[comptroller]~~, if any, not later than
18 the end of the fourth month after the date the period covered by the
19 financial statement ends. After the conclusion of an event and on
20 the department's ~~[comptroller's]~~ request, a local organizing
21 committee, endorsing municipality, or endorsing county must
22 provide information relating to the event, such as attendance
23 figures, including an estimate of the number of attendees at the
24 event who are not residents of this state, financial information,
25 or other public information held by the local organizing committee,
26 endorsing municipality, or endorsing county that the department
27 ~~[comptroller]~~ considers necessary.

1 (j) Not later than the 30th day after the date a request of a
2 local organizing committee, endorsing municipality, or endorsing
3 county is submitted to the department [~~comptroller~~] under
4 Subsection (b-1) of this section, the department [~~comptroller~~]
5 shall provide an estimate of the total amount of tax revenue that
6 would be deposited in the Major Events reimbursement [~~trust~~] fund
7 under this section in connection with that event, if the event were
8 to be held in this state at a site selected pursuant to an
9 application by a local organizing committee, endorsing
10 municipality, or endorsing county. A local organizing committee,
11 endorsing municipality, or endorsing county may submit the
12 department's [~~comptroller's~~] estimate to a site selection
13 organization.

14 (k) The department [~~comptroller~~] may make a disbursement
15 from the Major Events reimbursement [~~trust~~] fund on the prior
16 approval of each contributing endorsing municipality or endorsing
17 county for a purpose for which a local organizing committee, an
18 endorsing municipality, or an endorsing county or the state is
19 obligated under a game support contract or event support
20 contract. If an obligation is incurred under a games support
21 contract or event support contract to make a structural improvement
22 to the site or to add a fixture to the site for purposes of an event
23 and that improvement or fixture is expected to derive most of its
24 value in subsequent uses of the site for future events, a
25 disbursement from the [~~trust~~] fund made for purposes of that
26 obligation is limited to five percent of the cost of the improvement
27 or fixture and the remainder of the obligation is not eligible for a

1 disbursement from the [~~trust~~] fund, unless the improvement or
2 fixture is for a publicly owned facility. In considering whether
3 to make a disbursement from the [~~trust~~] fund, the department
4 [~~comptroller~~] may not consider a contingency clause in an event
5 support contract as relieving a local organizing committee's,
6 endorsing municipality's, or endorsing county's obligation to pay a
7 cost under the contract. A disbursement may not be made from the
8 [~~trust~~] fund that the department [~~comptroller~~] determines would be
9 used for the purpose of soliciting the relocation of a professional
10 sports franchise located in this state.

11 (l) If a disbursement is made from the Major Events
12 reimbursement [~~trust~~] fund under Subsection (k) of this section,
13 the obligation shall be satisfied proportionately from the state
14 and local revenue in the [~~trust~~] fund.

15 (m) On payment of all state, municipal, or county
16 obligations under a game support contract or event support contract
17 related to the location of any particular event in the state, the
18 department [~~comptroller~~] shall remit to each endorsing entity, in
19 proportion to the amount contributed by the entity, any money
20 remaining in the [~~trust~~] fund.

21 (p) The department [~~comptroller~~] may not undertake any of
22 the responsibilities or duties set forth in this section unless:

23 (1) a request is submitted by the municipality or the
24 county in which the event will be located;

25 (2) the event meets all the requirements for funding
26 under this section, including Subsection (a-1) of this section; and

27 (3) the request is accompanied by documentation from a

1 site selection organization selecting the site for the event.

2 (v) The department [~~comptroller~~] may adopt rules necessary
3 to implement this section.

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

12 (1) the results of the study conducted under this
13 subsection, including any source documentation or other
14 information relied on by the department [~~comptroller~~] for the
15 study;

16 (2) the amount of incremental increase in tax receipts
17 for the event determined by the department under Subsection (b) of
18 this section;

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

21 (4) any source documentation or information described
22 under Subsection (i) of this section that was relied on by the
23 department [~~comptroller~~] in making the determination of the amount
24 of incremental increase in tax receipts under Subsection (b) of
25 this section; and

26 (5) documentation verifying that:

27 (A) a request submitted by a local organizing

1 committee, endorsing municipality, or endorsing county under
2 Subsection (p) of this section is complete and certified as such by
3 the department [~~comptroller~~];

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

9 (C) each deadline established under this section
10 was timely met.

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

1 SECTION 2.09. The heading to Section 5B, Chapter 1507 (S.B.
2 456), Acts of the 76th Legislature, Regular Session, 1999 (Article
3 5190.14, Vernon's Texas Civil Statutes), is amended to read as
4 follows:

5 Sec. 5B. GUARANTEE OF STATE AND MUNICIPAL OR COUNTY
6 OBLIGATIONS; MOTOR SPORTS RACING REIMBURSEMENT ~~[TRUST]~~ FUND.

7 SECTION 2.10. Sections 5B(b), (c), (d), (e), (f), (g), (h),
8 (i), (j), (k), (l), (m), and (o), Chapter 1507 (S.B. 456), Acts of
9 the 76th Legislature, Regular Session, 1999 (Article 5190.14,
10 Vernon's Texas Civil Statutes), are amended to read as follows:

11 (b) If a site selection organization selects a site for a
12 motor sports racing event in this state pursuant to an application
13 by a local organizing committee, endorsing municipality, or
14 endorsing county, not later than three months before the date of the
15 motor sports racing event, the department ~~[comptroller]~~ shall
16 determine for the 30-day period that ends at the end of the day
17 after the date on which the racing event will be held, in accordance
18 with procedures developed by the department ~~[comptroller]~~:

19 (1) the incremental increase in the receipts to the
20 state from taxes imposed under Chapters 151, 152, 156, and 183, Tax
21 Code, and under Title 5, Alcoholic Beverage Code, within the market
22 areas designated under Subsection (c) of this section, that is
23 directly attributable, as determined by the department
24 ~~[comptroller]~~, to the preparation for and presentation of the
25 racing event;

26 (2) the incremental increase in the receipts collected
27 by the state on behalf of each endorsing municipality in the market

1 area from the sales and use tax imposed by each endorsing
2 municipality under Section 321.101(a), Tax Code, and the mixed
3 beverage tax revenue to be received by each endorsing municipality
4 under Section 183.051(b), Tax Code, that is directly attributable,
5 as determined by the department [~~comptroller~~], to the preparation
6 for and presentation of the racing event;

7 (3) the incremental increase in the receipts collected
8 by the state on behalf of each endorsing county in the market area
9 from the sales and use tax imposed by each endorsing county under
10 Section 323.101(a), Tax Code, and the mixed beverage tax revenue to
11 be received by each endorsing county under Section 183.051(b), Tax
12 Code, that is directly attributable, as determined by the
13 department [~~comptroller~~], to the preparation for and presentation
14 of the racing event;

15 (4) the incremental increase in the receipts collected
16 by each endorsing municipality in the market area from the hotel
17 occupancy tax imposed under Chapter 351, Tax Code, that is directly
18 attributable, as determined by the department [~~comptroller~~], to the
19 preparation for and presentation of the racing event; and

20 (5) the incremental increase in the receipts collected
21 by each endorsing county in the market area from the hotel occupancy
22 tax imposed under Chapter 352, Tax Code, that is directly
23 attributable, as determined by the department [~~comptroller~~], to the
24 preparation for and presentation of the racing event.

25 (c) For the purposes of Subsection (b)(1) of this section,
26 the department [~~comptroller~~] shall designate as a market area for
27 the motor sports racing event each area in which the department

1 ~~[comptroller]~~ determines there is a reasonable likelihood of
2 measurable economic impact directly attributable to the
3 preparation for and presentation of the racing event, including
4 areas likely to provide venues, accommodations, and services in
5 connection with the racing event based on a proposal or other
6 information provided by an endorsing municipality, endorsing
7 county, or local organizing committee to the department
8 ~~[comptroller]~~. The department ~~[comptroller]~~ shall determine the
9 geographic boundaries of each market area. An endorsing
10 municipality or endorsing county that has been selected as the site
11 for the racing event must be included in a market area for the
12 racing event.

13 (d) Each endorsing municipality or endorsing county shall
14 remit to the comptroller and the comptroller shall deposit into a
15 ~~[trust]~~ fund created by the comptroller, at the direction of the
16 department, and designated as the Motor Sports Racing reimbursement
17 ~~[trust]~~ fund for the particular event the amount of the
18 municipality's or county's hotel occupancy tax revenue determined
19 by the department under Subsection (b)(4) or (5) of this section,
20 less any amount of the revenue that the municipality or county
21 determines is necessary to meet the obligations of the municipality
22 or county. The comptroller, at the direction of the department,
23 shall retain the amount of sales and use tax revenue and mixed
24 beverage tax revenue determined by the department under Subsection
25 (b)(2) or (3) of this section from the amounts otherwise required to
26 be sent to the municipality under Sections 321.502 and 183.051(b),
27 Tax Code, or to the county under Sections 323.502 and 183.051(b),

1 Tax Code, and deposit into the [~~trust~~] fund the tax revenues, less
2 any amount of the revenue that the municipality or county
3 determines is necessary to meet the obligations of the municipality
4 or county. The comptroller shall begin retaining and depositing
5 the local tax revenues with the first distribution of that tax
6 revenue that occurs after the first day of the 30-day period
7 described by Subsection (b) of this section and shall discontinue
8 retaining the local tax revenues under this subsection when the
9 amount of the applicable tax revenue determined under Subsection
10 (b)(2) or (3) of this section has been retained. The Motor Sports
11 Racing reimbursement [~~trust~~] fund is established outside the state
12 treasury and is held in trust by the comptroller for administration
13 of this section. Money in the [~~trust~~] fund may be disbursed by the
14 department [~~comptroller~~] without appropriation only as provided by
15 this section.

16 (e) In addition to the tax revenue deposited in the Motor
17 Sports Racing reimbursement [~~trust~~] fund under Subsection (d) of
18 this section, an endorsing municipality or endorsing county may
19 guarantee its obligations under a motor sports racing event support
20 contract and this section by pledging surcharges from user fees,
21 including parking or ticket fees, charged in connection with the
22 racing event.

23 (f) The comptroller, at the direction of the department,
24 shall transfer [~~deposit~~] a portion of the state tax revenue
25 determined by the department under Subsection (b)(1) of this
26 section in an amount equal to 6.25 times the amount of the local
27 sales and use tax revenue and mixed beverage tax revenue retained

1 and the hotel occupancy tax revenue remitted by an endorsing
2 municipality or endorsing county under Subsection (d) of this
3 section.

4 (g) To meet its obligations under a motor sports racing
5 event support contract or event support contract to improve,
6 renovate, or acquire facilities or to acquire equipment, an
7 endorsing municipality by ordinance or an endorsing county by order
8 may authorize the issuance of notes. An endorsing municipality or
9 endorsing county may provide that the notes be paid from and secured
10 by amounts on deposit or amounts to be transferred or deposited into
11 the Motor Sports Racing reimbursement [~~trust~~] fund or surcharges
12 from user fees, including parking or ticket fees, charged in
13 connection with the racing event. Any note issued must mature not
14 later than seven years from its date of issuance.

15 (h) The money [~~funds~~] in the Motor Sports Racing
16 reimbursement [~~trust~~] fund may be used to pay the principal of and
17 interest on notes issued by an endorsing municipality or endorsing
18 county under Subsection (g) of this section and to fulfill
19 obligations of the state or an endorsing municipality or endorsing
20 county to a site selection organization under a motor sports racing
21 event support contract or event support contract, which obligations
22 may include the payment of costs relating to the preparations
23 necessary or desirable for the conduct of the racing event and the
24 payment of costs of conducting the racing event, including
25 temporary improvements or temporary renovations to existing
26 facilities or other facilities specific to the event.

27 (i) A local organizing committee, endorsing municipality,

1 or endorsing county shall provide information required by the
2 department ~~[comptroller]~~ to enable the department ~~[comptroller]~~ to
3 fulfill the department's ~~[comptroller's]~~ duties under this section,
4 including annual audited statements of any financial records
5 required by a site selection organization and data obtained by the
6 local organizing committee, an endorsing municipality, or an
7 endorsing county relating to attendance at the motor sports racing
8 event and to the economic impact of the racing event. A local
9 organizing committee, endorsing municipality, or endorsing county
10 must provide an annual audited financial statement required by the
11 department ~~[comptroller]~~, if any, not later than the end of the
12 fourth month after the date the period covered by the financial
13 statement ends.

14 (j) The department ~~[comptroller]~~ shall provide an estimate
15 not later than three months before the date of a motor sports racing
16 event of the total amount of tax revenue that would be transferred
17 to or deposited in the Motor Sports Racing reimbursement ~~[trust]~~
18 fund under this section in connection with that racing event, if the
19 racing event were to be held in this state at a site selected
20 pursuant to an application by a local organizing committee,
21 endorsing municipality, or endorsing county. The department
22 ~~[comptroller]~~ shall provide the estimate on request to a local
23 organizing committee, endorsing municipality, or endorsing county.
24 A local organizing committee, endorsing municipality, or endorsing
25 county may submit the department's ~~[comptroller's]~~ estimate to a
26 site selection organization.

27 (k) The department ~~[comptroller]~~ may make a disbursement

1 from the Motor Sports Racing reimbursement [~~trust~~] fund on the
2 prior approval of each contributing endorsing municipality or
3 endorsing county for a purpose for which an endorsing municipality
4 or endorsing county or the state is obligated under a motor sports
5 racing event support contract or event support contract. A
6 disbursement may not be made from the [~~trust~~] fund that the
7 department [~~comptroller~~] determines would be used for the purpose
8 of soliciting the relocation of a professional sports franchise
9 located in this state.

10 (l) If a disbursement is made from the Motor Sports Racing
11 reimbursement [~~trust~~] fund under Subsection (k) of this section,
12 the obligation shall be satisfied proportionately from the state
13 and local revenue in the [~~trust~~] fund.

14 (m) On payment of all state, municipal, or county
15 obligations under a motor sports racing support contract or event
16 support contract related to the location of any particular racing
17 event in the state, the department [~~comptroller~~] shall remit to
18 each endorsing entity, in proportion to the amount contributed by
19 the entity, any money remaining in the [~~trust~~] fund.

20 (o) The department [~~comptroller~~] may not undertake any of
21 the responsibilities or duties set forth in this section unless a
22 request is submitted by the municipality and the county in which the
23 motor sports racing event will be held. The request must be
24 accompanied by documentation from a site selection organization
25 selecting the site for the racing event.

26 SECTION 2.11. The heading to Section 5C, Chapter 1507 (S.B.
27 456), Acts of the 76th Legislature, Regular Session, 1999 (Article

1 5190.14, Vernon's Texas Civil Statutes), is amended to read as
2 follows:

3 Sec. 5C. EVENTS REIMBURSEMENT [~~TRUST~~] FUND FOR CERTAIN
4 MUNICIPALITIES AND COUNTIES.

5 SECTION 2.12. Sections 5C(b), (b-1), (c), (c-1), (d),
6 (d-1), (e), (f), (g), (h), (i), (j), (k), (k-1), (k-2), (l), (m),
7 (o), (p), (q), (r), and (t), Chapter 1507 (S.B. 456), Acts of the
8 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's
9 Texas Civil Statutes), are amended to read as follows:

10 (b) If a site selection organization selects a site for an
11 event in this state pursuant to an application by a local organizing
12 committee, endorsing municipality, or endorsing county, not later
13 than three months before the date of the event, the department
14 [~~comptroller~~] shall determine for the 30-day period that ends at
15 the end of the day after the date on which the event will be held or,
16 if the event occurs on more than one day, after the last date on
17 which the event will be held, in accordance with procedures
18 developed by the department [~~comptroller~~]:

19 (1) the incremental increase in the receipts to this
20 state from taxes imposed under Chapters 151, 152, 156, and 183, Tax
21 Code, and under Title 5, Alcoholic Beverage Code, within the market
22 areas designated under Subsection (c) of this section, that is
23 directly attributable, as determined by the department
24 [~~comptroller~~], to the preparation for and presentation of the event
25 and related activities;

26 (2) the incremental increase in the receipts collected
27 by this state on behalf of each endorsing municipality in the market

1 area from the sales and use tax imposed by each endorsing
2 municipality under Section 321.101(a), Tax Code, and the mixed
3 beverage tax revenue to be received by each endorsing municipality
4 under Section 183.051(b), Tax Code, that is directly attributable,
5 as determined by the department [~~comptroller~~], to the preparation
6 for and presentation of the event and related activities;

7 (3) the incremental increase in the receipts collected
8 by this state on behalf of each endorsing county in the market area
9 from the sales and use tax imposed by each endorsing county under
10 Section 323.101(a), Tax Code, and the mixed beverage tax revenue to
11 be received by each endorsing county under Section 183.051(b), Tax
12 Code, that is directly attributable, as determined by the
13 department [~~comptroller~~], to the preparation for and presentation
14 of the event and related activities;

15 (4) the incremental increase in the receipts collected
16 by each endorsing municipality in the market area from the hotel
17 occupancy tax imposed under Chapter 351, Tax Code, that is directly
18 attributable, as determined by the department [~~comptroller~~], to the
19 preparation for and presentation of the event and related
20 activities; and

21 (5) the incremental increase in the receipts collected
22 by each endorsing county in the market area from the hotel occupancy
23 tax imposed under Chapter 352, Tax Code, that is directly
24 attributable, as determined by the department [~~comptroller~~], to the
25 preparation for and presentation of the event and related
26 activities.

27 (b-1) The number of requests for funding under this section

1 that may be submitted by an endorsing county or endorsing
2 municipality during any 12-month period for an event for which the
3 department [~~comptroller~~] determines that the total amount of the
4 incremental increase in tax receipts under Subsection (b) of this
5 section is less than \$200,000 is limited to, during any 12-month
6 period, not more than 10 events, only three of which may be
7 nonsporting events.

8 (c) For the purposes of Subsection (b)(1) of this section,
9 the department [~~comptroller~~] shall designate as a market area for
10 the event each area in which the department [~~comptroller~~]
11 determines there is a reasonable likelihood of measurable economic
12 impact directly attributable to the preparation for and
13 presentation of the event and related activities, including areas
14 likely to provide venues, accommodations, and services in
15 connection with the event based on the proposal provided by the
16 local organizing committee to the department [~~comptroller~~]. The
17 department [~~comptroller~~] shall determine the geographic boundaries
18 of each market area. An endorsing municipality or endorsing county
19 that has been selected as the site for the event must be included in
20 a market area for the event.

21 (c-1) The department [~~comptroller~~] shall base the
22 determination specified by Subsection (b) of this section on
23 information submitted by the local organizing committee, endorsing
24 municipality, or endorsing county, and must make the determination
25 not later than the 30th day after the date the department
26 [~~comptroller~~] receives the information.

27 (d) Each endorsing municipality or endorsing county shall

1 remit to the comptroller and the comptroller shall deposit into a
2 ~~[trust]~~ fund created by the comptroller, at the direction of the
3 department, and designated as the Events reimbursement ~~[trust]~~ fund
4 the amount of the municipality's or county's hotel occupancy tax
5 revenue determined by the department under Subsection (b)(4) or (5)
6 of this section, less any amount of the revenue that the
7 municipality or county determines is necessary to meet the
8 obligations of the municipality or county. The comptroller, at the
9 direction of the department, shall retain the amount of sales and
10 use tax revenue and mixed beverage tax revenue determined by the
11 department under Subsection (b)(2) or (3) of this section from the
12 amounts otherwise required to be sent to the municipality under
13 Sections 321.502 and 183.051(b), Tax Code, or to the county under
14 Sections 323.502 and 183.051(b), Tax Code, and deposit into the
15 ~~[trust]~~ fund the tax revenues, less any amount of the revenue that
16 the municipality or county determines is necessary to meet the
17 obligations of the municipality or county. The comptroller shall
18 begin retaining and depositing the local tax revenues with the
19 first distribution of that tax revenue that occurs after the first
20 day of the period described by Subsection (b) of this section or at
21 a time otherwise determined to be practicable by the department
22 ~~[comptroller]~~ and shall discontinue retaining the local tax
23 revenues under this subsection when the amount of the applicable
24 tax revenue determined by the department under Subsection (b)(2) or
25 (3) of this section has been retained. The Events reimbursement
26 ~~[trust]~~ fund is established outside the state treasury and is held
27 in trust by the comptroller for administration of this section.

1 Money in the ~~[trust]~~ fund may be disbursed by the department
2 ~~[comptroller]~~ without appropriation only as provided by this
3 section.

4 (d-1) Not later than the 90th day after the last day of an
5 event and in lieu of the local tax revenues remitted ~~[to]~~ or
6 retained ~~[by the comptroller]~~ under Subsection (d) of this section,
7 a municipality or county may remit to the department ~~[comptroller]~~
8 for deposit in the Events reimbursement ~~[trust]~~ fund other local
9 funds in an amount equal to the total amount of local tax revenue
10 determined by the department under Subsections (b)(2) through (5)
11 of this section. The amount deposited by the department
12 ~~[comptroller]~~ into the Events reimbursement ~~[trust]~~ fund under this
13 subsection is subject to Subsection (f) of this section.

14 (e) In addition to the tax revenue deposited in the Events
15 reimbursement ~~[trust]~~ fund under Subsection (d) of this section, an
16 endorsing municipality or endorsing county may guarantee its
17 obligations under an event support contract and this section by
18 pledging surcharges from user fees, including parking or ticket
19 fees, charged in connection with the event. An endorsing
20 municipality or endorsing county may collect and remit to the
21 department ~~[comptroller]~~ surcharges and user fees attributable to
22 the event for deposit into the Events reimbursement ~~[trust]~~ fund.

23 (f) The comptroller, at the direction of the department,
24 shall transfer ~~[deposit]~~ into the Events reimbursement ~~[trust]~~ fund
25 a portion of the state tax revenue not to exceed the amount
26 determined by the department under Subsection (b)(1) of this
27 section in an amount equal to 6.25 times the amount of the local tax

1 revenue retained or remitted under this section, including:

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

6 (g) To meet its obligations under an event support contract
7 to improve, construct, renovate, or acquire facilities or to
8 acquire equipment, an endorsing municipality by ordinance or an
9 endorsing county by order may authorize the issuance of notes. An
10 endorsing municipality or endorsing county may provide that the
11 notes be paid from and secured by amounts on deposit or amounts to
12 be transferred or deposited into the Events reimbursement [~~trust~~]
13 fund or surcharges from user fees, including parking or ticket
14 fees, charged in connection with the event. Any note issued must
15 mature not later than seven years from its date of issuance.

16 (h) The money in the Events reimbursement [~~trust~~] fund may
17 be used to pay the principal of and interest on notes issued by an
18 endorsing municipality or endorsing county under Subsection (g) of
19 this section and to fulfill obligations of this state or an
20 endorsing municipality or endorsing county to a site selection
21 organization under an event support contract. Subject to
22 Subsection (k) of this section, the obligations may include the
23 payment of costs relating to the preparations necessary for the
24 conduct of the event and the payment of costs of conducting the
25 event, including improvements or renovations to existing
26 facilities or other facilities and costs of acquisition or
27 construction of new facilities or other facilities.

1 (i) A local organizing committee, endorsing municipality,
2 or endorsing county shall provide information required by the
3 department ~~[comptroller]~~ to enable the department ~~[comptroller]~~ to
4 fulfill the department's ~~[comptroller's]~~ duties under this section,
5 including annual audited statements of any financial records
6 required by a site selection organization and data obtained by the
7 local organizing committee, an endorsing municipality, or an
8 endorsing county relating to attendance at the event, including an
9 estimate of the number of people expected to attend the event who
10 are not residents of this state, and to the economic impact of the
11 event. A local organizing committee, endorsing municipality, or
12 endorsing county must provide an annual audited financial statement
13 required by the department ~~[comptroller]~~, if any, not later than
14 the end of the fourth month after the date the period covered by the
15 financial statement ends. After the conclusion of an event and on
16 the department's ~~[comptroller's]~~ request, a local organizing
17 committee, endorsing municipality, or endorsing county must
18 provide information relating to the event, such as attendance
19 figures, including an estimate of the number of people who are not
20 residents of this state who attended the event, financial
21 information, or other public information held by the local
22 organizing committee, endorsing municipality, or endorsing county
23 that the department ~~[comptroller]~~ considers necessary.

24 (j) The department ~~[comptroller]~~ shall provide an estimate
25 not later than three months before the date of an event of the total
26 amount of tax revenue that would be transferred into or deposited in
27 the Events reimbursement ~~[trust]~~ fund under this section in

1 connection with that event, if the event were to be held in this
2 state at a site selected pursuant to an application by a local
3 organizing committee, endorsing municipality, or endorsing county.
4 The department [~~comptroller~~] shall provide the estimate on request
5 to a local organizing committee, endorsing municipality, or
6 endorsing county. A local organizing committee, endorsing
7 municipality, or endorsing county may submit the department's
8 [~~comptroller's~~] estimate to a site selection organization.

9 (k) The department [~~comptroller~~] may make a disbursement
10 from the Events reimbursement [~~trust~~] fund on the prior approval of
11 each contributing endorsing municipality or endorsing county for a
12 purpose for which a local organizing committee, an endorsing
13 municipality, or an endorsing county or this state is obligated
14 under an event support contract, including an obligation to pay
15 costs incurred in the conduct of the event and costs incurred in
16 making preparations necessary for the event. If an obligation is
17 incurred under an event support contract to make a structural
18 improvement to the site or to add a fixture to the site for purposes
19 of an event and that improvement or fixture is expected to derive
20 most of its value in subsequent uses of the site for future events,
21 a disbursement from the [~~trust~~] fund made for purposes of that
22 obligation is limited to five percent of the cost of the improvement
23 or fixture and the remainder of the obligation is not eligible for a
24 disbursement from the [~~trust~~] fund, unless the improvement or
25 fixture is for a publicly owned facility. In considering whether to
26 make a disbursement from the [~~trust~~] fund, the department
27 [~~comptroller~~] may not consider a contingency clause in an event

1 support contract as relieving a local organizing committee's,
2 endorsing municipality's, or endorsing county's obligation to pay a
3 cost under the contract.

4 (k-1) A disbursement may not be made from the trust fund
5 that the department [~~comptroller~~] determines would be used for the
6 purpose of:

7 (1) soliciting the relocation of a professional sports
8 franchise located in this state;

9 (2) constructing an arena, stadium, or convention
10 center; or

11 (3) conducting usual and customary maintenance of a
12 facility.

13 (k-2) Subsection (k-1) of this section does not prohibit:

14 (1) a disbursement from the [~~trust~~] fund for the
15 construction of temporary structures within an arena, stadium, or
16 convention, if those temporary structures are necessary for the
17 conduct of the event; or

18 (2) temporary maintenance of a facility that is
19 necessary for the preparation for or conduct of the event.

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

24 (m) On payment of all state, municipal, or county
25 obligations under an event support contract related to the location
26 of any particular event in this state, the department [~~comptroller~~]
27 shall remit to each endorsing entity, in proportion to the amount

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

3 (o) The department [~~comptroller~~] may not undertake any of
4 the responsibilities or duties set forth in this section unless a
5 request is submitted by the municipality or the county in which the
6 event will be located. The request must be accompanied by
7 documentation from a site selection organization selecting the site
8 for the event.

9 (p) The department [~~comptroller~~] may adopt rules necessary
10 to implement this section.

11 (q) In determining the amount of state revenue available
12 under Subsection (b)(1) of this section, the department
13 [~~comptroller~~] may consider whether:

14 (1) the event has been held in this state on previous
15 occasions; and

16 (2) changes to the character of the event could affect
17 the incremental increase in receipts collected and remitted to the
18 state by an endorsing county or endorsing municipality under that
19 subsection.

20 (r) The department [~~comptroller~~] may adopt a model event
21 support contract and make the contract available on the
22 department's [~~comptroller's~~] Internet website. The adoption by
23 the department [~~comptroller~~] of a model event support contract
24 under this subsection does not require use of the model event
25 support contract for purposes of this section.

26 (t) After the conclusion of an event, the department
27 [~~comptroller~~] shall compare information on the actual attendance

1 figures provided to the department [~~comptroller~~] under Subsection
2 (i) of this section with the estimated attendance numbers used to
3 determine the incremental increase in tax receipts under Subsection
4 (b) of this section. If the actual attendance figures are
5 significantly lower than the estimated attendance numbers, the
6 department [~~comptroller~~] may reduce the amount of a disbursement
7 for an endorsing entity under the Events reimbursement [~~trust~~] fund
8 in proportion to the discrepancy between the actual and estimated
9 attendance and in proportion to the amount contributed to the fund
10 by the entity. The department [~~comptroller~~] by rule shall define
11 "significantly lower" for purposes of this subsection and provide
12 the manner in which a disbursement may be proportionately reduced.
13 This subsection does not affect the remittance of any money
14 remaining in the fund in accordance with Subsection (m) of this
15 section.

16 SECTION 2.13. Sections 6(a) and (b), Chapter 1507 (S.B.
17 456), Acts of the 76th Legislature, Regular Session, 1999 (Article
18 5190.14, Vernon's Texas Civil Statutes), are amended to read as
19 follows:

20 (a) Except as provided by Subsections (b) and (d) of this
21 section, an endorsing municipality or endorsing county must hold an
22 election in the municipality or county to determine whether the
23 municipality or county may contribute a portion of its sales and use
24 taxes to the Olympic Games reimbursement [~~trust~~] fund under Section
25 5 of this Act. The election must be held on a uniform election date
26 before the date a site selection organization requires the
27 endorsing municipality or endorsing county and the state to enter

1 into a joinder undertaking relating to the applicable games.

2 (b) If an endorsing municipality or endorsing county is
3 required to hold an election under this section and the
4 contribution of a portion of the municipality's or county's sales
5 and use taxes to the Olympic Games reimbursement [~~trust~~] fund under
6 Section 5 of this Act is not approved by a majority of the voters
7 voting in the election:

8 (1) the comptroller may not establish the Olympic
9 Games reimbursement [~~trust~~] fund under Section 5 of this Act, may
10 not retain the municipality's or county's tax revenue under Section
11 5(d) of this Act from amounts otherwise required to be sent to that
12 municipality or county, and may not transfer [~~deposit~~] any state
13 tax revenue into the trust fund;

14 (2) the department [~~comptroller~~] is not required to
15 determine the incremental increase in state, county, or municipal
16 tax revenue under Section 5(b) of this Act; and

17 (3) the department may not enter into a games support
18 contract relating to the games for which the municipality or county
19 has authorized a bid on its behalf.

20 SECTION 2.14. Section 7(f), Chapter 1507 (S.B. 456), Acts
21 of the 76th Legislature, Regular Session, 1999 (Article 5190.14,
22 Vernon's Texas Civil Statutes), is amended to read as follows:

23 (f) The department may agree to execute a joinder
24 undertaking, a joinder agreement, or other games support contract
25 only if:

26 (1) the department determines that:

27 (A) the state's assurances and obligations under

1 the undertaking, agreement, or contract are reasonable; and

2 (B) any financial commitments of the state will
3 be satisfied exclusively by recourse to the Pan American Games
4 reimbursement ~~[trust]~~ fund or the Olympic Games reimbursement
5 ~~[trust]~~ fund, as applicable; and

6 (2) the endorsing municipality or endorsing county has
7 executed an agreement with a site selection organization that
8 contains substantially similar terms.

9 SECTION 2.15. The following laws are repealed:

10 (1) Section 5C(s), Chapter 1507 (S.B. 456), Acts of
11 the 76th Legislature, Regular Session, 1999 (Article 5190.14,
12 Vernon's Texas Civil Statutes); and

13 (2) Chapter 398, Local Government Code.

14 SECTION 2.16. As soon as is practicable after the effective
15 date of this Act, but not later than September 10, 2015, the office
16 of the governor and the comptroller of public accounts shall
17 develop and adopt a memorandum of understanding that:

18 (1) identifies in detail the applicable powers and
19 duties of the comptroller that are being transferred to the office
20 of the governor as a result of this Act; and

21 (2) establishes a plan for the identification and
22 transfer of records, property, and unspent appropriations of the
23 comptroller that are used for purposes of managing the funds
24 transferred to the office of the governor.

25 SECTION 2.17. (a) Not later than September 10, 2015:

26 (1) the administration of the Pan American Games
27 reimbursement fund, Olympic Games reimbursement fund, Major Events

1 reimbursement fund, Motor Sports Racing reimbursement fund, and
2 Events reimbursement fund for sporting and non-sporting events
3 shall be transferred from the comptroller of public accounts to the
4 Texas Economic Development and Tourism Office;

5 (2) all rules, forms, policies, procedures, or
6 decisions of the comptroller that are related to the Pan American
7 Games reimbursement fund, Olympic Games reimbursement fund, Major
8 Events reimbursement fund, Motor Sports Racing reimbursement fund,
9 and Events reimbursement fund for sporting and non-sporting events
10 are continued in effect as rules, forms, policies, procedures, or
11 decisions of the economic development and tourism division, office
12 of the governor, until superseded by a rule or other appropriate act
13 of the Texas Economic Development and Tourism Office; and

14 (3) a reference in law or administrative rule to the
15 comptroller relating to the decisions for and administration of the
16 Pan American Games reimbursement fund, Olympic Games reimbursement
17 fund, Major Events reimbursement fund, Motor Sports Racing
18 reimbursement fund, and Events reimbursement fund for sporting and
19 non-sporting events, other than a duty typically performed by the
20 comptroller related to a state fund, means the Texas Economic
21 Development and Tourism Office.

22 (b) Before the transfer of the administration of the Pan
23 American Games reimbursement fund, Olympic Games reimbursement
24 fund, Major Events reimbursement fund, Motor Sports Racing
25 reimbursement fund, and Events reimbursement fund for sporting and
26 non-sporting events, the comptroller and the Texas Economic
27 Development and Tourism Office shall coordinate the transfer of

1 powers and duties, including records and other items, in accordance
2 with the memorandum of understanding adopted under Section 16 of
3 this Act, to ensure a smooth transition.

4 SECTION 2.18. Notwithstanding the repeal by this Act of
5 Chapter 398, Local Government Code, a special event plan approved
6 under former Chapter 398 of that code before September 1, 2015, is
7 governed by the law as it existed immediately before the effective
8 date of this Act, and that law is continued in effect for that
9 purpose.

10 ARTICLE 3. EFFECTIVE DATE

11 SECTION 3.01. This Act takes effect September 1, 2015.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 27, 2015

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB26** by Button (Relating to state economic development measures, including abolishment of the Texas emerging technology fund, creation of the governor's university research initiative, and the administration of programs to support certain events.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB26, As Passed 2nd House: an impact of \$0 through the biennium ending August 31, 2017.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	\$0
2017	\$0
2018	\$0
2019	\$0
2020	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from Emerging Technology 5124	Probable Revenue Gain/(Loss) from Texas Enterprise Fund 5107	Probable Revenue Gain/(Loss) from New General Revenue Dedicated - Governor's University Research Initiative Fund	Probable Revenue Gain/(Loss) from New Texas Treasury Safekeeping Trust Company
2016	(\$102,000,000)	\$45,900,000	\$45,900,000	\$10,200,000
2017	\$0	\$0	\$0	\$0
2018	\$0	\$0	\$0	\$0
2019	\$0	\$0	\$0	\$0
2020	\$0	\$0	\$0	\$0

Fiscal Year	Change in Number of State Employees from FY 2015
2016	(5.0)
2017	(5.0)
2018	(5.0)
2019	(5.0)
2020	(5.0)

Fiscal Analysis

The bill would amend Education Code to establish the Governor's University Research Initiative Fund administered by the Texas Economic Development and Tourism Office within the Office of the Governor to award matching grants to eligible institutions to recruit distinguished researchers. The bill would require a biennial report on grants made from the Governor's University Research Initiative Fund.

The bill directs the TTSTC to manage and wind up the ETF investment portfolio in a manner that provides for the maximum return on the state's investment. The bill would require the TTSTC to notify the Comptroller of Public Accounts (CPA) when the final liquidation of the ETF investment portfolio has been completed for the CPA to verify and certify to the Governor. The bill would abolish the Emerging Technology Fund (ETF) upon certification by the CPA of final liquidation.

All money received in the future would be deposited to Governor's University Research Initiative Fund, less the amount permitted to be retained by TTSTC for costs for managing the portfolio. The bill would abolish Regional Centers of Innovation and Commercialization. The bill would direct the disclosure of certain public information collected under the ETF program.

The bill would amend Vernon's Texas Civil Statutes and Local Government Code relating to the Pan American Games trust fund, Olympic Games trust fund, Major Events trust fund, Motor Sports Racing trust fund, Events trust fund for sporting and non-sporting events, and Special Event trust fund. The bill would repeal and eliminate the Special Events trust fund. The bill would rename certain trust funds as reimbursement funds and transfer the administration from the Comptroller of Public Accounts to the Office of the Governor.

The bill would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in the bill would be subject to funds consolidation review by the current Legislature. The bill would take effect September 1, 2015.

Methodology

Using the Office of the Governor's most recent estimate, \$102.0 million in unexpended balances in General Revenue - Dedicated Emerging Technology Fund Account No. 5124 would be available for appropriation upon enactment of the bill. Of that amount, 10 percent (\$10.2 million) allocated to the TTSTC for the costs associated with managing and winding up the ETF portfolio. The remainder is allocated in equal amounts to the Texas Enterprise Fund (\$45.9 million in General Revenue - Dedicated Texas Enterprise Fund Account No. 5107) and to the Governor's University Research Initiative Fund (\$45.9 million in a new General Revenue - Dedicated account).

The Office of the Governor reports that the administrative provisions of the bill would require 2.0

FTEs, the cost of which can be absorbed within existing resources. The ETF currently is administered by 7.0 FTEs, for a net reduction of 5.0 FTEs.

The total ongoing portfolio management costs cannot be determined, as the portfolio wind up timeline is unknown at this time. The Office of the Governor estimates there would be a cost for the management of the ETF portfolio of approximately 2 percent of funds under management. Currently, the Office of the Governor estimates the portfolio's size to be \$455 million, and prior to the wind up of the ETF investment portfolio; the management cost is estimated to be approximately \$9.1 million per fiscal year. As the size of the portfolio decreases, the associated management costs would also decrease.

The sale of the ETF portfolio is expected to result in revenue deposited into General Revenue - Dedicated Governor's University Research Initiative Fund. The sale proceeds and other earnings from investments in the state's portfolio, and the required portfolio management fees are unidentified due to the unpredictability of the stock market and the unknown liquidity status of the investments.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts, 308 State Auditor's Office, 313 Department of Information Resources

LBB Staff: UP, SD, SZ, EP, LBe

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 22, 2015

TO: Honorable Troy Fraser, Chair, Senate Committee on Natural Resources & Economic Development

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB26** by Button (relating to state economic development measures, including abolishment of the Texas emerging technology fund, creation of the governor ’s university research initiative, and the administration of programs to support certain events.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB26, Committee Report 2nd House, Substituted: an impact of \$0 through the biennium ending August 31, 2017.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	\$0
2017	\$0
2018	\$0
2019	\$0
2020	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from Emerging Technology 5124	Probable Revenue Gain/(Loss) from Texas Enterprise Fund 5107	Probable Revenue Gain/(Loss) from New General Revenue Dedicated - Governor's University Research Initiative Fund	Probable Revenue Gain/(Loss) from New Texas Treasury Safekeeping Trust Company
2016	(\$102,000,000)	\$45,900,000	\$45,900,000	\$10,200,000
2017	\$0	\$0	\$0	\$0
2018	\$0	\$0	\$0	\$0
2019	\$0	\$0	\$0	\$0
2020	\$0	\$0	\$0	\$0

Fiscal Year	Change in Number of State Employees from FY 2015
2016	(5.0)
2017	(5.0)
2018	(5.0)
2019	(5.0)
2020	(5.0)

Fiscal Analysis

The bill would amend Education Code to establish the Governor's University Research Initiative Fund administered by the Texas Economic Development and Tourism Office within the Office of the Governor to award matching grants to eligible institutions to recruit distinguished researchers. The bill would require a biennial report on grants made from the Governor's University Research Initiative Fund.

The bill directs the TTSTC to manage and wind up the ETF investment portfolio in a manner that provides for the maximum return on the state's investment. The bill would require the TTSTC to notify the Comptroller of Public Accounts (CPA) when the final liquidation of the ETF investment portfolio has been completed for the CPA to verify and certify to the Governor. The bill would abolish the Emerging Technology Fund (ETF) upon certification by the CPA of final liquidation.

All money received in the future would be deposited to Governor's University Research Initiative Fund, less the amount permitted to be retained by TTSTC for costs for managing the portfolio. The bill would abolish Regional Centers of Innovation and Commercialization. The bill would direct the disclosure of certain public information collected under the ETF program.

The bill would amend Vernon's Texas Civil Statutes and Local Government Code relating to the Pan American Games trust fund, Olympic Games trust fund, Major Events trust fund, Motor Sports Racing trust fund, Events trust fund for sporting and non-sporting events, and Special Event trust fund. The bill would repeal and eliminate the Special Events trust fund. The bill would rename certain trust funds as reimbursement funds and transfer the administration from the Comptroller of Public Accounts to the Office of the Governor.

The bill would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in the bill would be subject to funds consolidation review by the current Legislature. The bill would take effect September 1, 2015.

Methodology

Using the Office of the Governor's most recent estimate, \$102.0 million in unexpended balances in General Revenue - Dedicated Emerging Technology Fund Account No. 5124 would be available for appropriation upon enactment of the bill. Of that amount, 10 percent (\$10.2 million) allocated to the TTSTC for the costs associated with managing and winding up the ETF portfolio. The remainder is allocated in equal amounts to the Texas Enterprise Fund (\$45.9 million in General Revenue - Dedicated Texas Enterprise Fund Account No. 5107) and to the Governor's University Research Initiative Fund (\$45.9 million in a new General Revenue - Dedicated account).

The Office of the Governor reports that the administrative provisions of the bill would require 2.0

FTEs, the cost of which can be absorbed within existing resources. The ETF currently is administered by 7.0 FTEs, for a net reduction of 5.0 FTEs.

The total ongoing portfolio management costs cannot be determined, as the portfolio wind up timeline is unknown at this time. The Office of the Governor estimates there would be a cost for the management of the ETF portfolio of approximately 2 percent of funds under management. Currently, the Office of the Governor estimates the portfolio's size to be \$455 million, and prior to the wind up of the ETF investment portfolio; the management cost is estimated to be approximately \$9.1 million per fiscal year. As the size of the portfolio decreases, the associated management costs would also decrease.

The sale of the ETF portfolio is expected to result in revenue deposited into General Revenue - Dedicated Governor's University Research Initiative Fund. The sale proceeds and other earnings from investments in the state's portfolio, and the required portfolio management fees are unidentified due to the unpredictability of the stock market and the unknown liquidity status of the investments.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts, 308 State Auditor's Office, 313 Department of Information Resources

LBB Staff: UP, SZ, EP, LBe

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 19, 2015

TO: Honorable Troy Fraser, Chair, Senate Committee on Natural Resources & Economic Development

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB26 by Button (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 certain programs administered by the Texas Economic Development Bank, and renaming the Major Events trust fund to the Major Events Reimbursement Program.), **As Engrossed**

The fiscal implications of the bill cannot be determined at this time primarily due to the lack of specificity with respect to the timing of the distribution of the unexpended balance from the Emerging Technology Fund; the balance is estimated to be \$102 million for the 2016-17 biennium but under the bill would not be available for appropriation on September 1, 2015. Administrative costs associated with the bill are not expected to be significant.

The bill amends Government Code to add University Research Development grants that receive matching funds from the institution and additional private funding, to the eligible uses for the Texas Enterprise Fund. The bill would amend Government Code to shorten the approval period for a proposal for a grant from the Texas Enterprise Fund and adds rule and reporting requirements to the program.

The bill would abolish the Emerging Technology Fund (ETF) and transfer management of the ETF portfolio to the Texas Treasury Safekeeping Trust Company (TTSTC). The bill directs the TTSTC to manage and wind up the ETF investment portfolio in a manner that provides for the maximum return on the state's investment. The bill would require the TTSTC to notify the Comptroller of Public Accounts (CPA) when the final liquidation of the ETF investment portfolio has been completed for the CPA to verify and certify to the Governor.

After certification of final liquidation, the bill would allow the unencumbered balances of the ETF to be appropriated only to: the Texas Research Incentive Program (TRIP); the Texas Research University Fund; the Governor's Research Initiative Fund; the Texas Enterprise Fund; and to the CPA for expenses incurred in managing the investment portfolio in connection with awards from the former ETF.

Due to the complexities of winding up the portfolio to provide the maximum return on the state's investment, including potential contract restrictions, market variations, and timing of liquidating assets, the unexpended balance distribution timing cannot be determined and may not be available for appropriation during the 2016-17 biennium.

Any interest, royalties, revenues, other financial benefits realized from a project undertaken with money from the ETF, as well as any money returned or repaid by an award recipient, would be deposited to the Texas Emerging Technology Fund to be used solely for the purposes of winding down the state's portfolio. Any realized proceeds or other earnings from the sale of stock or other investments in the state's emerging technology investment portfolio, less the amount permitted to be retained for payment of its costs for managing the portfolio would be deposited to General Revenue. Although the ETF would be abolished, agreements in place before that date would not be affected.

The total ongoing portfolio management costs cannot be determined, as the portfolio wind up timeline is unknown at this time. The Office of the Governor estimates there would be a cost for the management of the ETF portfolio of approximately 2 percent of funds under management. Currently, the Office of the Governor estimates the portfolio's size to be \$455 million, and prior to the wind up of the ETF investment portfolio; the management cost is estimated to be approximately \$9.1 million per fiscal year. As the size of the portfolio decreases, the associated management costs would also decrease.

The sale of the ETF portfolio is expected to result in revenue deposited into General Revenue. However, the amount and timing of the increase in General Revenue cannot be determined due to unknown contract and investment management factors.

The bill would create the Economic Incentive Oversight Board that, for certain incentive awards, would be required to: review the effectiveness of certain programs and funds to business entities and other persons; evaluate the benefits and costs to the state, local governments and residents of the state from the economic development activity; develop a schedule for periodic review of certain state incentive programs; and make recommendations for audits to the Legislative Audit Committee. The bill would require an annual report from the Board. The board would be entitled to reimbursements for certain expenses. The Governor's office would be required to provide administrative support and staff to the board.

The bill would require the Department of Information Resources (DIR) to develop through the state electronic internet portal (currently administered as Texas.gov) a website for use by businesses that are considering relocating to or expanding in Texas to receive information relating to state monetary and tax incentives and to apply for those incentives. DIR estimates that there would be an indeterminate cost for the vendor operating Texas.gov to develop the economic development incentives interactive application system. DIR estimates a minimal impact to both state agencies that would use the system to receive applications and to the General Revenue Fund as a result of the current Texas.gov revenue-sharing arrangement between the state and Texas.gov.

The bill would abolish the Linked Deposit and the Texas Small Business Industrial Development Corporation programs. The bill would transfer all revenue or other money from the Texas Small Business Industrial Development Corporation to General Revenue. The Governor's office estimates these fees to be \$846,024.

The bill would amend Education Code to create the Governor's University Research Initiative administered by the Texas Economic Development and Tourism Office within the Office of the Governor to award matching grants to eligible institutions. The bill would define the program and grant process, direct the creation of an advisory board, and define the funding source and the uses of the Fund. The Office of the Governor reports that the administrative provisions of the bill would require 2.0 full time equivalents (FTE), the cost of which can be absorbed within existing resources. The bill would abolish regional centers of innovation and commercialization.

The bill would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in the bill would be subject to funds consolidation review by the current Legislature.

The bill would amend Vernon's Texas Civil Statutes, to change the name of the Major Events Trust Fund (METF) to the Major Events Reimbursement Program (MERP) and would base the reimbursement amount on the prevailing state sales tax. According to the CPA, the fiscal impact of changing the state portion of the MERP reimbursement to be based on the sales tax rate is unknown as the size and number of events that would become eligible and held in the state is unknown.

The bill would take effect September 1, 2015.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts, 308 State Auditor's Office, 313 Department of Information Resources

LBB Staff: UP, SZ, EP, LBe, LCO

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 20, 2015

TO: Honorable Angie Chen Button, Chair, House Committee on Economic & Small Business Development

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB26 by Button (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 certain programs administered by the Texas Economic Development Bank, and renaming the Major Events trust fund to the Major Events Reimbursement Program.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB26, Committee Report 1st House, Substituted: a positive impact of \$846,024 through the biennium ending August 31, 2017.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	\$846,024
2017	\$0
2018	\$0
2019	\$0
2020	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Emerging Technology</i> 5124	Probable Savings/(Cost) from <i>Texas Treasury</i> <i>Safekeeping Trust</i> <i>Company</i>
2016	\$91,464,024	(\$90,618,000)	(\$90,618,000)	(\$9,136,100)
2017	\$0	\$0	\$0	(\$606,100)
2018	\$0	\$0	\$0	(\$6,706,100)
2019	\$0	\$0	\$0	(\$606,100)
2020	\$0	\$0	\$0	(\$962,087)

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Texas Treasury</i> <i>Safekeeping Trust</i> <i>Company</i>	Change in Number of State Employees from FY 2015
2016	\$9,136,100	(5.0)
2017	\$606,100	(5.0)
2018	\$6,706,100	(5.0)
2019	\$606,100	(5.0)
2020	\$962,087	(5.0)

Fiscal Analysis

The bill amends Government Code to add University Research Development grants that receive matching funds from the institution and additional private funding, to the eligible uses for the Texas Enterprise Fund. The bill would amend Government Code to shorten the approval period for a proposal for a grant from the Texas Enterprise Fund.

The bill would abolish the Emerging Technology Fund (ETF) and transfer management of the ETF portfolio to the Texas Treasury Safekeeping Trust Company (TTSTC) with proceeds used for portfolio management and any excess deposited into General Revenue. The bill would allow the unencumbered balances of the ETF to be appropriated only to: the Texas Research Incentive Program (TRIP); the Texas Research University Fund; the Governor's Research Initiative Fund; and to the Comptroller for expenses incurred in managing the investment portfolio in connection with awards from the former ETF. Although the ETF would be abolished effective September 1, 2015, agreements in place before that date would not be affected. All money in the fund on that date and received in the future would be deposited to General Revenue, except for money obligated for existing agreements and money deposited in the fund as a gift, grant or donation under specific terms of use.

The bill would create the Economic Incentive Oversight Board that, for certain incentive awards, would be required to: review the effectiveness of certain programs and funds to business entities and other persons; evaluate the benefits and costs to the state, local governments and residents of the state from the economic development activity; develop a schedule for periodic review of certain state incentive programs; and make recommendations for audits to the Legislative Audit Committee. The bill would require an annual report from the Board. The board would be entitled to reimbursements for certain expenses. The Governor's office would be required to provide administrative support and staff to the board.

The bill would require the Department of Information Resources (DIR) to develop through the

state electronic internet portal (currently administered as Texas.gov) a website for use by businesses that are considering relocating to or expanding in Texas to receive information relating to state monetary and tax incentives and to apply for those incentives.

The bill would abolish the Linked Deposit and the Texas Small Business Industrial Development Corporation programs. The bill would transfer all revenue or other money from the Texas Small Business Industrial Development Corporation to General Revenue.

The bill would amend Education Code to create the Governor's University Research Initiative administered by the Texas Economic Development and Tourism Office within the Office of the Governor to award matching grants to eligible institutions. The bill would define the program and grant process, direct the creation of an advisory board, and define the funding source and the uses of the Fund. The bill would abolish regional centers of innovation and commercialization.

The bill would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in the bill would be subject to funds consolidation review by the current Legislature.

The bill would amend Vernon's Texas Civil Statutes, to change the name of the Major Events Trust Fund (METF) to the Major Events Reimbursement Program (MERP).

The bill would take effect September 1, 2015.

Methodology

Using the Comptroller of Public Account's (CPA) Biennial Revenue Estimate, \$90.6 million in unexpended balances would be available to be appropriated to: the Texas Research Incentive Program (TRIP); the Texas Research University Fund; the Governor's Research Initiative Fund; and to the Comptroller for expenses incurred in managing the investment portfolio in connection with awards from the former ETF. As the bill does not require certain percentages of distribution, it is assumed the an undetermined amount would be appropriated to the new General Revenue - Dedicated Governor's Research Initiative Fund and the remaining amount would be available for appropriation by the legislature to the Texas Research Incentive Program (TRIP); the Texas Research University Fund appropriated, and the CPA.

The Office of the Governor reports that the administrative provisions of the bill will require 2 FTEs, the cost of which can be absorbed within existing resources. The ETF currently is administered by 7 FTEs, for a net reduction of 5 FTEs.

It is assumed that on-going revenues from investments in entities that received Emerging Technology Funds, estimated by the Office of the Governor to be \$9.1 million in 2016, \$0.6 million in 2017 \$6.7 million in 2018, \$0.6 million in 2019 and \$1.0 million in 2020, would be used by the Texas Treasury Safekeeping Trust Company (TTSTC) and the CPA for expenses incurred in managing the investment portfolio in connection with awards from the former ETF.

DIR estimates that there would be an indeterminate cost for the vendor operating Texas.gov to develop the economic development incentives interactive application system. DIR estimates a minimal impact to both state agencies that would use the system to receive applications and to the General Revenue Fund as a result of the current Texas.gov revenue-sharing arrangement between the state and Texas.gov.

Based on provisions of this bill, fees generated by the Texas Small Business Industrial Development Corporation under Chapter 503, Local Government Code, and deposited outside the state Treasury would be transferred to General Revenue. The Governor's office estimates these fees to be \$846,024.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts, 308 State Auditor's Office, 313 Department of Information Resources

LBB Staff: UP, CL, EP, LBe

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 2, 2015

TO: Honorable Angie Chen Button, Chair, House Committee on Economic & Small Business Development

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB26 by Button (Relating to state economic development measures, including administration of the Texas Enterprise Fund, creation of the Economic Incentive Oversight Board, abolishment of the Texas emerging technology fund and certain programs and funds administered by the Texas Economic Development Bank, renaming the Major Events trust fund to the Major Events Reimbursement Program, and disposition of balances from the Texas emerging technology fund.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB26, As Introduced: a negative impact of (\$2,002,133) through the biennium ending August 31, 2017.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$2,554,900)
2017	\$552,767
2018	\$5,752,767
2019	\$102,767
2020	\$458,754

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from Emerging Technology 5124	Probable Savings/(Cost) from Economic Development Bank 5106	Probable Savings/(Cost) from Small Business Incubator Fund 588
2016	(\$102,309,000)	(\$90,618,000)	\$1,650,000	(\$19,750,000)
2017	(\$53,333)	\$0	\$2,195,000	(\$269,000)
2018	(\$953,333)	\$0	\$2,195,000	(\$269,000)
2019	(\$503,333)	\$0	\$2,195,000	(\$269,000)
2020	(\$503,333)	\$0	\$2,195,000	(\$269,000)

Fiscal Year	Probable Savings/(Cost) from <i>Texas Product Development Fund</i> 589	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2015
2016	(\$15,714,000)	\$99,754,100	3.1
2017	(\$1,926,000)	\$606,100	0.0
2018	(\$1,926,000)	\$6,706,100	6.3
2019	(\$1,926,000)	\$606,100	3.1
2020	(\$1,926,000)	\$962,087	3.1

Fiscal Analysis

The bill amends Government Code to add University Research Development grants that receive matching funds from the institution and additional private funding, to the eligible uses for the Texas Enterprise Fund. The bill would require a certain percentage of the Texas Enterprise Fund be distributed to the small businesses and for University Research Development grants.

The bill would abolish the Emerging Technology Fund (ETF) and transfer management of the ETF portfolio to the Texas Treasury Safekeeping Trust company with proceeds deposited into General Revenue. The bill would transfer 50 percent of the unencumbered balance of the fund to the Texas Research Initiative Program and 50 percent to the Skills Development Fund Program. Although the ETF would be abolished effective September 1, 2015, agreements in place before that date would not be affected. All money in the fund on that date and received in the future would be deposited to General Revenue, except for money obligated for existing agreements and money deposited in the fund as a gift, grant or donation under specific terms of use.

The bill would create the Economic Incentive Oversight Board that, for certain incentive awards, would be required to: evaluate and recommend for approval or disapproval of each application; review the effectiveness of certain programs and funds to business entities and other persons; evaluate the benefits and costs to the state, local governments and residents of the state from the economic development activity; and develop a schedule for periodic review of certain state incentive programs. The board would be entitles to reimbursements for certain expenses. The Governor's office would be required to provide administrative support and staff to the board.

The bill would amend the Government Code to require the State Auditor's Office (SAO) to audit 16 specific economic development programs and funds within two years of specified dates. The bill would require that these programs and funds be audited again every 12 years thereafter. The bill would require the SAO to prepare a report of each audit and file each report with the Lieutenant Governor, the Speaker of the House, and with the presiding officer of each standing committee of the Senate and House of Representatives having primary jurisdiction over economic development by deadlines established in the bill.

The bill would require the Department of Information Resources (DIR) to develop through the state electronic internet portal (currently administered as Texas.gov) a website for use by businesses that are considering relocating to or expanding in Texas to receive information relating to state monetary and tax incentives and to apply for those incentives.

The bill would abolish the Linked Deposit, Capital Access, Product Development and Small Business Incubator, and the Texas Small Business Industrial Development Corporation programs. The bill would transfer all revenue or other money of the Texas Small Business Industrial Development Corporation to the Economic Development Bank. The bill would amend Article

5190.14, Section 5A, of Vernon's Texas Civil Statutes, to change the name of the Major Events Trust Fund (METF) to the Major Events Reimbursement Program (MERP). The bill would take effect September 1, 2015.

Methodology

Based on estimates from the Governor's Office \$53 million in unexpended balances in the Texas Enterprise Fund would be available in fiscal year 2016. Of this amount, 20 percent or \$10.6 million would be available for certain grants to small businesses, and 15 percent or \$7.95 million would be available for University Research Development grants. Since the bill caps the amount available for these grant programs out of an existing incentive program, we assume that the grants awards would be redistributed among eligible grant recipients accordingly.

Using the Comptroller of Public Account's (CPA) Biennial Revenue Estimate, \$90.6 million in unexpended balances would be transferred from the General Revenue - Dedicated Emerging Technology Fund Account No. 5124 to General Revenue.

The Office of the Governor indicates there would be on-going revenues from investments in entities that received Emerging Technology Funds of \$9,136,100 in 2016, \$606,100 in 2017 \$6,706,100 in 2018, \$606,100 in 2019 and \$962,087 in 2020 that would be deposited to General Revenue. Any administrative costs related to provisions of the bill are assumed to be absorbed by the agency's current resources.

The SAO determined that four of the programs specified in the Bill were inactive in fiscal year 2014. Based on information provided by the Department of Agriculture, as of March 23, 2015, the Rural Economic Development and Investment Program, Agricultural Biomass and Landfill Diversion Incentive Program, Rural Investment Fund Program, and Young Farmer Interest Rate Reduction Program were not active.

For the remaining 12 active economic development programs and funds the SAO anticipates the audits would be completed within the following time frames:

1. One audit to be completed between September 1, 2015 and September 1, 2017;
2. Three audits to be completed between September 1, 2017 and September 1, 2019;
3. Two audits to be completed between September 1, 2019 and September 1, 2021;
4. Three audits to be completed between September 1, 2021 and September 1, 2023; and
5. Three audits to be completed between September 1, 2023 and September 1, 2025.

This analysis and the table above reflect costs for audits conducted through fiscal year 2020 and do not consider costs for the four inactive identified above.

Based on information provided by SAO, it is assumed that the audits could include, but are not limited to, financial-related, compliance, or performance audits; each audit would require 5,000 hours to complete; the SAO's 2014 billing rate of \$90 per hour would be used to determine the costs for the audits. It is assumed that the number of additional auditor positions needed to complete the work would include 3.1 in 2016; 6.3 positions in 2018; 3.1 positions in 2019; and 3.1 positions in 2020. The SAO estimates General Revenue costs of \$450,000 in 2016; \$900,000 in 2018; \$450,000 in 2019; and \$450,000 in 2020. These amounts include costs for salaries, benefits, travel, and other operating costs. No costs or additional positions are anticipated in fiscal year 2017.

DIR estimated that the cost for the vendor operating Texas.gov to develop the economic

development incentives interactive application system would be \$250,000 in fiscal year 2016. With the inclusion of ongoing maintenance, the total cost of the system itself over a five-year period would be \$400,000 or \$80,000 per fiscal year. It is also assumed that current Texas.gov revenue-sharing arrangement between the state and Texas.gov vendor would apply to this project and therefore, the cost would increase to \$133,333 per fiscal year with \$80,000 (60 percent) for the vendor for the system's development and operation and \$53,333 (40 percent) deposited to General Revenue. Assuming that at minimum the Comptroller and the Governor would participate or use the system, the fee to these agencies to cover the cost of both the vendor and state share would equal to approximately \$66,667 per fiscal year per agency. In the event that DIR's board adopts a fee structure which does not include a state share, the gains to General Revenue included in the tables above (\$53,333 per fiscal year) would not be realized and the cost per agency would be reduced.

The Comptroller assumes that all of the projected cash balances in the 2016-17 Biennial Revenue Estimate of the Small Business Incubator Fund 0588 and the Texas Product Development Fund 0589 would be used to pay for \$45,000,000 in issued bonds. Since the balances of those funds are not sufficient to fully pay for issued bonds, \$11,847,000 would be paid from General Revenue. Outstanding encumbrances and obligations of the funds could decrease the amount of cash balances available and increase the amount of General Revenue required to pay for outstanding bonds.

Based on provisions of this bill, fees generated by the Texas Small Business Industrial Development Corporation under Chapter 503, Local Government Code, and deposited outside the state Treasury would be transferred to GR. The Governor's office estimates these fees to be \$846,024. The sum of those two components will be a GR loss of \$11,001,000.

Loan repayment revenues that are currently deposited to Funds 588 and 589 would be deposited to General Revenue - Dedicated Economic Development Bank Account No. 5106 on September 1, 2015. The Comptroller estimates that amount to be \$2,195,000 per fiscal year.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts, 308 State Auditor's Office, 313 Department of Information Resources

LBB Staff: UP, CL, EP, LBe, KVe, LCO