

BILL ANALYSIS

Senate Research Center
88R11092 SRA-F

H.B. 5174
By: Bonnen et al. (Huffman)
Finance
5/8/2023
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas is a strategic leader in research, development, and manufacturing of semiconductors, a position rooted in the state's long history with this crucial sector. Since the early 1950s, public and private partnerships have created an ecosystem for semiconductor innovation in the state. Competition among nations and states for the semiconductor supply chain is at a unique crossroads, but with deepening collaboration and increased investments, Texas has the potential to lead on this critical national defense and technological issue.

H.B. 5174 will help ensure that Texas remains competitive in this space by assembling a consortium of experts to make a strategic long-term plan for research, design, and manufacturing of semiconductors and creating the Texas Semiconductor Innovation Fund, to which future legislatures can appropriate state revenues to further the goals established by the consortium. This will provide state entities and public institutions of higher education with matching funds to bring additional opportunities, including those under the federal CHIPS and Science Act. It will also provide funding to attract further economic development in semiconductor design and manufacturing.

H.B. 5174 amends current law relating to the establishment and administration of the Texas Semiconductor Innovation Consortium.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 481, Government Code, by adding Subchapter GG, as follows:

SUBCHAPTER GG. TEXAS SEMICONDUCTOR INNOVATION CONSORTIUM

Sec. 481.651. DEFINITIONS. Defines "consortium," "executive committee," "fund," and "institution of higher education."

Sec. 481.652. ESTABLISHMENT; PURPOSES. (a) Provides that the Texas Semiconductor Innovation Consortium (consortium) is established as an advisory panel to the governor and the legislature.

(b) Provides that the purposes of the consortium are to:

(1) leverage the expertise and capacity of institutions of higher education, industry, and nonprofit stakeholders to develop a comprehensive strategic plan to ensure ongoing semiconductor innovation;

(2) sustain the leadership of this state in advanced semiconductor research, design, and manufacturing;

(3) attract public and private investment in this state related to research, development, commercialization, and manufacturing of semiconductors;

(4) identify and expand opportunities for workforce training and development related to the research, design, and manufacturing of semiconductors; and

(5) establish a forum for public and private stakeholders across the semiconductor manufacturing industry in this state to focus on education, research and development, and commercial production.

Sec. 481.653. COMPOSITION OF CONSORTIUM. (a) Provides that the consortium is composed of a designee of certain institutions of higher education appointed by the office of the president of the institution.

(b) Authorizes the executive committee established under Section 481.655, in addition to the appointments under Subsection (a), to appoint any other entity or individual the executive committee considers necessary.

(c) Requires that priority be given, in making appointments under Subsections (a) and (b), to individuals with experience in semiconductor design and manufacturing.

Sec. 481.654. ADMINISTRATIVE ATTACHMENT. (a) Provides that the consortium is administratively attached to the Office of the Governor.

(b) Requires the Texas Economic Development and Tourism Office to provide the staff and facilities necessary to assist the consortium in performing the consortium's duties under this subchapter.

Sec. 481.655. EXECUTIVE COMMITTEE COMPOSITION. (a) Provides that the consortium is governed by an executive committee composed of the following members:

(1) three members appointed by the governor;

(2) two members appointed by the lieutenant governor;

(3) two members appointed by the speaker of the house of representatives;

(4) the chancellor of the Texas A&M University System or the chancellor's designee; and

(5) the chancellor of The University of Texas System or the chancellor's designee.

(b) Requires that priority be given, in making appointments under Subsection (a), to individuals with experience in manufacturing, design, industrial development, academic research, and scientific research in the field of semiconductors.

(c) Requires the governor, the lieutenant governor, and the speaker of the house of representatives, in making appointments under Subsection (a), to coordinate to ensure that at least two representatives from the commercial semiconductor design and manufacturing sectors with an established presence in the state are appointed to the executive committee.

Sec. 481.656. DUTIES OF EXECUTIVE COMMITTEE. (a) Requires the executive committee to:

(1) develop and execute a comprehensive statewide strategic plan to further the objectives of the consortium as established under Section 481.652;

(2) solicit recommendations from consortium members on funding and research opportunities related to semiconductor research, design, commercialization, and manufacturing;

(3) appoint an executive director of the consortium (executive director) and determine the title, functions, duties, powers, and salary for the executive director; and

(4) prepare and submit the report required by Section 481.657.

(b) Authorizes the executive director to enter into agreements with the Office of the Governor for staff support services to facilitate the work of the consortium.

Sec. 481.657. BIENNIAL REPORT. Requires the executive committee, not later than December 1 of each even-numbered year, to prepare and submit to the governor and the Legislative Budget Board (LBB) a written report that outlines:

(1) activities undertaken to meet the purposes of the consortium under Section 481.652;

(2) a summary of the funding and research opportunities identified under Section 481.656(a)(2);

(3) any legislative recommendations to further the purposes of the consortium;

(4) any prospective grants or funding the consortium members expect to apply for or receive; and

(5) any research accomplishments associated with the consortium.

Sec. 481.658. TEXAS SEMICONDUCTOR INNOVATION FUND. (a) Provides that the Texas Semiconductor Innovation Fund (fund) is created as a dedicated account within the general revenue fund. Provides that the fund consists of:

(1) gifts, grants, or donations to the fund; and

(2) money from any other source designated by the legislature.

(b) Authorizes money in the fund to be used to:

(1) provide matching funding to state entities, including institutions of higher education, for semiconductor manufacturing and design projects;

(2) award grants to business entities with an established presence in this state to encourage economic development related to semiconductor manufacturing and design; and

(3) subject to Subsection (c), pay for staff support services described by Section 481.656(b).

(c) Requires the consortium to request from LBB approval to use money in the fund for the purpose described by Subsection (b)(3). Requires that a request under this subsection be considered approved on the 30th day after receipt by LBB unless expressly disapproved.

SECTION 2. Effective date: upon passage or September 1, 2023.