

SENATE AMENDMENTS

2nd Printing

By: Bonnen, Capriglione, Jetton, et al.

H.B. No. 5174

A BILL TO BE ENTITLED

AN ACT

relating to the establishment and administration of the Texas Semiconductor Innovation Consortium.

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

SECTION 1. Chapter 481, Government Code, is amended by adding Subchapter GG to read as follows:

SUBCHAPTER GG. TEXAS SEMICONDUCTOR INNOVATION CONSORTIUM

Sec. 481.651. DEFINITIONS. In this subchapter:

(1) "Consortium" means the Texas Semiconductor Innovation Consortium.

(2) "Executive committee" means the executive committee of the consortium.

(3) "Fund" means the Texas Semiconductor Innovation Fund.

(4) "Institution of higher education" has the meaning assigned by Section 61.003, Education Code.

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

(b) 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;

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

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

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

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

13 Sec. 481.653. COMPOSITION OF CONSORTIUM. (a) The
14 consortium is composed of a designee of each of the following
15 institutions of higher education appointed by the office of the
16 president of the institution:

17 (1) The University of Texas at Arlington;

18 (2) The University of Texas at Austin;

19 (3) The University of Texas at Dallas;

20 (4) The University of Texas at El Paso;

21 (5) The University of Texas Rio Grande Valley;

22 (6) The University of Texas at San Antonio;

23 (7) Texas A&M University;

24 (8) Prairie View A&M University;

25 (9) the University of Houston;

26 (10) the University of North Texas;

27 (11) Texas Tech University;

- 1 (12) Texas State University;
- 2 (13) Lamar University;
- 3 (14) Lamar State College - Orange;
- 4 (15) Lamar State College - Port Arthur;
- 5 (16) Lamar Institute of Technology;
- 6 (17) Austin Community College; and
- 7 (18) Dallas Community College.

8 (b) In addition to the appointments under Subsection (a),
9 the executive committee established under Section 481.655 may
10 appoint any other entity or individual the executive committee
11 considers necessary.

12 (c) In making appointments under Subsections (a) and (b),
13 priority shall be given to individuals with experience in
14 semiconductor design and manufacturing.

15 Sec. 481.654. ADMINISTRATIVE ATTACHMENT. (a) The
16 consortium is administratively attached to the office of the
17 governor.

18 (b) The office shall provide the staff and facilities
19 necessary to assist the consortium in performing the consortium's
20 duties under this subchapter.

21 Sec. 481.655. EXECUTIVE COMMITTEE COMPOSITION. (a) The
22 consortium is governed by an executive committee composed of the
23 following members:

- 24 (1) three members appointed by the governor;
- 25 (2) two members appointed by the lieutenant governor;
- 26 (3) two members appointed by the speaker of the house
27 of representatives;

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

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

5 (b) In making appointments under Subsection (a), priority
6 shall be given to individuals with experience in manufacturing,
7 design, industrial development, academic research, and scientific
8 research in the field of semiconductors.

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

15 Sec. 481.656. DUTIES OF EXECUTIVE COMMITTEE. (a) The
16 executive committee shall:

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

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

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

26 (4) prepare and submit the report required by Section
27 481.657.

1 (b) The executive director may enter into agreements with
2 the office of the governor for staff support services to facilitate
3 the work of the consortium.

4 Sec. 481.657. BIENNIAL REPORT. Not later than December 1 of
5 each even-numbered year, the executive committee shall prepare and
6 submit to the governor and the Legislative Budget Board a written
7 report that outlines:

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

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

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

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

16 (5) any research accomplishments associated with the
17 consortium.

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

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

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

24 (b) Money in the fund may be used to:

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

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

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

6 (c) The consortium shall request from the Legislative
7 Budget Board approval to use money in the fund for the purpose
8 described by Subsection (b)(3). A request under this subsection
9 shall be considered approved on the 30th day after receipt by the
10 Legislative Budget Board unless expressly disapproved.

11 SECTION 2. This Act takes effect immediately if it receives
12 a vote of two-thirds of all the members elected to each house, as
13 provided by Section 39, Article III, Texas Constitution. If this
14 Act does not receive the vote necessary for immediate effect, this
15 Act takes effect September 1, 2023.

ADOPTED

V V
MAY 15 2023

Latey Saw
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY: *Biswell*

1 Amend H.B. No. 5174 (senate committee report) in SECTION 1 of
2 the bill, in added Section 481.653(a), Government Code (page 2,
3 between lines 16 and 17), by adding the following appropriately
4 numbered subdivision to the subsection and renumbering subsequent
5 subdivisions of the subsection and cross-references to those
6 subdivisions accordingly:

7 () Texas State Technical College System;

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 16, 2023

TO: Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB5174 by Bonnen (Relating to the establishment and administration of the Texas Semiconductor Innovation Consortium.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB5174, Committee Report 1st House, Substituted: a negative impact of (\$1,685,358) through the biennium ending August 31, 2025. There would be an additional indeterminate cost related to the grant program authorized by the bill which would be dependent on the number of grant applications and appropriations made for this purpose.

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:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2024	(\$852,915)
2025	(\$832,443)
2026	(\$832,977)
2027	(\$833,517)
2028	(\$834,063)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2023
2024	(\$852,915)	6.0
2025	(\$832,443)	6.0
2026	(\$832,977)	6.0
2027	(\$833,517)	6.0
2028	(\$834,063)	6.0

Fiscal Analysis

The bill would establish the Texas Semiconductor Innovation Consortium (TSIC) and a Texas Semiconductor Innovation Fund (TSIF). The TSIC would serve as an advisory panel to the Governor and the Legislature. The TSIC would be administratively attached to the Office of the Governor, Economic Development and Tourism Office (OOG). The OOG would be directed to provide the staff and facilities necessary for TSIC to perform its duties. The TSIC would be governed by an executive committee that would develop and execute a comprehensive statewide strategic plan to further the objectives of the TSIC. The executive committee would

be required to prepare and submit a biennial written report to the Governor and the Legislative Budget Board.

The objectives of the TSIC would be to leverage the expertise and capacity of institutions of higher education, industry and non-profit stakeholders to develop a comprehensive strategic plan to ensure ongoing semiconductor innovation; sustain Texas' leadership in semiconductor research, design and manufacturing; attract public and private investment in Texas related to semiconductors; identify and expand opportunities for workforce training and development related to semiconductors; and establish a forum for public and private stakeholders across the semiconductor manufacturing industry with Texas to focus on education, research, and commercial production.

The TSIF would be utilized to provide appropriations to state entities and institutions of higher education as matches for semiconductor manufacturing and design projects; and award grants to business entities with an established presence within the state of Texas to encourage economic development related to semiconductor manufacturing and design.

Methodology

According to the OOG would require six additional FTEs to fulfill the provisions outlined in the bill. This would include one Director III, two Research Specialist IV, one Compliance Analyst III, one Attorney III, and one Financial Analyst III to fulfill the duties outlined in the bill. The estimated FTE-related costs for the 2024-25 biennium is estimated at \$1,579,230 for the 2024-25 biennium.

Additional office space would be needed to accommodate the additional FTEs to the OOG. The estimated cost for state-owned space for the 2024-25 biennium would be \$106,128.

According to the Comptroller's Office, the revenue impact of the bill cannot be estimated.

This legislation 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 within or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Technology

The technology impact includes one-time costs of \$21,000 in fiscal year 2024. One-time costs include standard office equipment (computer, telecom/voicemail, etc.).

Local Government Impact

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

Source Agencies: 300 Trusteed Programs Within the Office of the Governor, 304 Comptroller of Public Accounts, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration

LBB Staff: JMc, SD, KK, HGR, SMAT, LCO, NV

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 9, 2023

TO: Honorable Joan Huffman, Chair, Senate Committee on Finance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB5174 by Bonnen (Relating to the establishment and administration of the Texas Semiconductor Innovation Consortium.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB5174, Committee Report 1st House, Substituted: a negative impact of (\$1,685,358) through the biennium ending August 31, 2025. There would be an additional indeterminate cost related to the grant program authorized by the bill which would be dependent on the number of grant applications and appropriations made for this purpose.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$852,915)
2025	(\$832,443)
2026	(\$832,977)
2027	(\$833,517)
2028	(\$834,063)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$852,915)	6.0
2025	(\$832,443)	6.0
2026	(\$832,977)	6.0
2027	(\$833,517)	6.0
2028	(\$834,063)	6.0

Fiscal Analysis

The bill would establish the Texas Semiconductor Innovation Consortium (TSIC) and a Texas Semiconductor Innovation Fund (TSIF). The TSIC would serve as an advisory panel to the Governor and the Legislature. The TSIC would be administratively attached to the Office of the Governor, Economic Development and Tourism Office (OOG). The OOG would be directed to provide the staff and facilities necessary for TSIC to perform its duties. The TSIC would be governed by an executive committee that would develop and execute a comprehensive statewide strategic plan to further the objectives of the TSIC. The executive committee would

be required to prepare and submit a biennial written report to the Governor and the Legislative Budget Board.

The objectives of the TSIC would be to leverage the expertise and capacity of institutions of higher education, industry and non-profit stakeholders to develop a comprehensive strategic plan to ensure ongoing semiconductor innovation; sustain Texas' leadership in semiconductor research, design and manufacturing; attract public and private investment in Texas related to semiconductors; identify and expand opportunities for workforce training and development related to semiconductors; and establish a forum for public and private stakeholders across the semiconductor manufacturing industry with Texas to focus on education, research, and commercial production.

The TSIF would be utilized to provide appropriations to state entities and institutions of higher education as matches for semiconductor manufacturing and design projects; and award grants to business entities with an established presence within the state of Texas to encourage economic development related to semiconductor manufacturing and design.

Methodology

According to the OOG would require six additional FTEs to fulfill the provisions outlined in the bill. This would include one Director III, two Research Specialist IV, one Compliance Analyst III, one Attorney III, and one Financial Analyst III to fulfill the duties outlined in the bill. The estimated FTE-related costs for the 2024-25 biennium is estimated at \$1,579,230 for the 2024-25 biennium.

Additional office space would be needed to accommodate the additional FTEs to the OOG. The estimated cost for state-owned space for the 2024-25 biennium would be \$106,128.

According to the Comptroller's Office, the revenue impact of the bill cannot be estimated.

This legislation 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 within or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Technology

The technology impact includes one-time costs of \$21,000 in fiscal year 2024. One-time costs include standard office equipment (computer, telecom/voicemail, etc.).

Local Government Impact

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

Source Agencies: 300 Trusteed Programs Within the Office of the Governor, 304 Comptroller of Public Accounts, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration

LBB Staff: JMc, KK, HGR, SMAT, LCO, NV

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 24, 2023

TO: Honorable Todd Hunter, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB5174 by Bonnen (relating to the establishment and administration of the Texas Semiconductor Innovation Consortium.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB5174, Committee Report 1st House, Substituted: a negative impact of (\$1,685,358) through the biennium ending August 31, 2025. There would be an additional indeterminate cost related to the grant program authorized by the bill which would be dependent on the number of grant applications and appropriations made for this purpose.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$852,915)
2025	(\$832,443)
2026	(\$832,977)
2027	(\$833,517)
2028	(\$834,063)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$852,915)	6.0
2025	(\$832,443)	6.0
2026	(\$832,977)	6.0
2027	(\$833,517)	6.0
2028	(\$834,063)	6.0

Fiscal Analysis

The bill would establish the Texas Semiconductor Innovation Consortium (TSIC) and a Texas Semiconductor Innovation Fund (TSIF). The TSIC would serve as an advisory panel to the Governor and the Legislature. The TSIC would be administratively attached to the Office of the Governor, Economic Development and Tourism Office (OOG). The OOG would be directed to provide the staff and facilities necessary for TSIC to perform its duties. The TSIC would be governed by an executive committee that would develop and execute a comprehensive statewide strategic plan to further the objectives of the TSIC. The executive committee would

be required to prepare and submit a biennial written report to the Governor and the Legislative Budget Board.

The objectives of the TSIC would be to leverage the expertise and capacity of institutions of higher education, industry and non-profit stakeholders to develop a comprehensive strategic plan to ensure ongoing semiconductor innovation; sustain Texas' leadership in semiconductor research, design and manufacturing; attract public and private investment in Texas related to semiconductors; identify and expand opportunities for workforce training and development related to semiconductors; and establish a forum for public and private stakeholders across the semiconductor manufacturing industry with Texas to focus on education, research, and commercial production.

The TSIF would be utilized to provide appropriations to state entities and institutions of higher education as matches for semiconductor manufacturing and design projects; and award grants to business entities with an established presence within the state of Texas to encourage economic development related to semiconductor manufacturing and design.

Methodology

According to the OOG would require six additional FTEs to fulfill the provisions outlined in the bill. This would include one Director III, two Research Specialist IV, one Compliance Analyst III, one Attorney III, and one Financial Analyst III to fulfill the duties outlined in the bill. The estimated FTE-related costs for the 2024-25 biennium is estimated at \$1,579,230 for the 2024-25 biennium.

Additional office space would be needed to accommodate the additional FTEs to the OOG. The estimated cost for state-owned space for the 2024-25 biennium would be \$106,128.

According to the Comptroller's Office, the revenue impact of the bill cannot be estimated.

This legislation 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 within or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Technology

The technology impact includes one-time costs of \$21,000 in fiscal year 2024. One-time costs include standard office equipment (computer, telecom/voicemail, etc.).

Local Government Impact

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

Source Agencies: 300 Trusteed Programs Within the Office of the Governor, 304 Comptroller of Public Accounts, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration

LBB Staff: JMc, SMAT, LCO, HGR, NV

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 18, 2023

TO: Honorable Todd Hunter, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB5174 by Bonnen (Relating to the creation of the Texas semiconductor innovation consortium and fund.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB5174, As Introduced : a negative impact of (\$1,685,358) through the biennium ending August 31, 2025. There would be an additional indeterminate cost related to the grant program authorized by the bill which would be dependent on the number of grant applications and appropriations made for this purpose.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$852,915)
2025	(\$832,443)
2026	(\$832,977)
2027	(\$833,517)
2028	(\$834,063)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$852,915)	6.0
2025	(\$832,443)	6.0
2026	(\$832,977)	6.0
2027	(\$833,517)	6.0
2028	(\$834,063)	6.0

Fiscal Analysis

The bill would establish the Texas Semiconductor Innovation Consortium (TSIC) and a Texas Semiconductor Innovation Fund (TSIF). The TSIC would serve as an advisory panel to the Governor and the Legislature. The TSIC would be administratively attached to the Office of the Governor, Economic Development and Tourism Office (OOG) for the purpose of receiving and administering appropriations and other funds. The TSIC would be governed by an executive committee that will develop and execute a comprehensive statewide strategic plan to further the objectives of the TSIC. The executive committee would be required to prepare and submit a

biennial written report to the Governor and the Legislative Budget Board.

The objectives of the TSIC would be to leverage the expertise and capacity of institutions of higher education, industry and non-profit stakeholders to develop a comprehensive strategic plan to ensure ongoing semiconductor innovation; sustain Texas' leadership in semiconductor research, design and manufacturing; attract public and private investment in Texas related to semiconductors; identify and expand opportunities for workforce training and development related to semiconductors; and establish a forum for public and private stakeholders across the semiconductor manufacturing industry with Texas to focus on education, research, and commercial production.

The TSIF would be utilized to provide appropriations to state entities and institutions of higher education as matches for semiconductor manufacturing and design projects; and issue grants to private businesses with an established presence within the state of Texas to encourage economic development related to semiconductor manufacturing and design. By October 1 of each even-numbered year, the Comptroller would return any unexpended balance of the account to General Revenue, unless authorization is granted by the Legislative Budget Board to maintain the balance.

Methodology

According to the OOG would require six additional FTEs to fulfill the provisions outlined in the bill. This would include one Director III, two Research Specialist IV, one Compliance Analyst III, one Attorney III, and one Financial Analyst III to fulfill the duties outlined in the bill. The estimated FTE-related costs for the 2024-25 biennium is estimated at \$1,579,230 for the 2024-25 biennium.

Additional office space would be needed to accommodate the additional FTEs to the OOG. The estimated cost for state-owned space for the 2024-25 biennium would be \$106,128.

According to the Comptroller's Office, the revenue impact of the bill cannot be estimated.

This legislation 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 within or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Technology

The technology impact includes one-time costs of \$21,000 in fiscal year 2024. One-time costs include standard office equipment (computer, telecom/voicemail, etc.).

Local Government Impact

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

Source Agencies: 300 Trusted Programs Within the Office of the Governor, 304 Comptroller of Public Accounts, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration

LBB Staff: JMc, SMAT, LCO, HGR, NV