

House Bill 1515
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SECTION 1. Section 481.003, Government Code, is amended to read as follows:

Sec. 481.003. SUNSET PROVISION. The Texas Economic Development and Tourism Office is subject to Chapter 325 (Texas Sunset Act). Unless continued in existence as provided by that chapter, the office is abolished [~~and this chapter expires~~] September 1, 2035 [2023].

SECTION 2. Section 481.0066(d), Government Code, is amended to read as follows:

- (d) The aerospace and aviation office shall:
- (1) analyze space-related and aviation-related research currently conducted in this state and may conduct activities designed to further that research;
 - (2) analyze the state's economic position in the aerospace and aviation industries;
 - (3) develop short-term and long-term business strategies as part of an industry-specific strategic plan to promote the retention, development, and expansion of aerospace and aviation industry facilities in the state that is consistent with and complementary of the office strategic plan;
 - (4) [~~make specific recommendations to the legislature and the governor regarding the promotion of those industries;~~ [(5)] as part of and to further the purposes of the industry-specific strategic plan described by Subdivision (3), develop short-term and long-term policy initiatives or recommend reforms the state may undertake or implement to:
 - (A) increase investment in aerospace and aviation activities;
 - (B) support the retention, development, and expansion of spaceports in this state;

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SECTION 1. Same as House version.

SECTION 2. Section 481.0066, Government Code, is amended by amending Subsection (d) and adding Subsection (f) to read as follows:

- (d) The aerospace and aviation office shall:
- (1) analyze space-related and aviation-related research currently conducted in this state and may conduct activities designed to further that research;
 - (2) analyze the state's economic position in the aerospace and aviation industries;
 - (3) develop short-term and long-term business strategies as part of an industry-specific strategic plan to promote the retention, development, and expansion of aerospace and aviation industry facilities in the state that is consistent with and complementary of the office strategic plan;
 - (4) [~~make specific recommendations to the legislature and the governor regarding the promotion of those industries;~~ [(5)] as part of and to further the purposes of the industry-specific strategic plan described by Subdivision (3), develop short-term and long-term policy initiatives or recommend reforms the state may undertake or implement to:
 - (A) increase investment in aerospace and aviation activities;
 - (B) support the retention, development, and expansion of spaceports in this state;

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<p>(C) identify and encourage educational, economic, and defense-related opportunities for aerospace and aviation activities;</p> <p>(D) determine the appropriate level of funding for the spaceport trust fund created under Section 481.0069 and support ongoing projects that have been assisted by the fund, including recommending to the legislature an appropriate funding level for the fund;</p> <p>(E) partner with the Texas Higher Education Coordinating Board to foster technological advancement and economic development for spaceport activities by strengthening higher education programs and supporting aerospace activities; and</p> <p>(F) partner with the Texas Workforce Commission to support initiatives that address the high technology skills and staff resources needed to better promote the state's efforts in becoming the leading space exploration state in the nation;</p> <p><u>(5) [(6)]</u> act as a liaison with other state and federal entities with related economic, educational, and defense responsibilities to support the marketing of the state's aerospace and aviation capabilities;</p> <p><u>(6) [(7)]</u> provide technical support and expertise to the state and to local spaceport authorities regarding aerospace and aviation business matters; and</p> <p><u>(7) [(8)]</u> be responsible for the promotion and development of spaceports in this state.</p>	<p>(C) identify and encourage educational, economic, and defense-related opportunities for aerospace and aviation activities;</p> <p>(D) determine the appropriate level of funding for the spaceport trust fund created under Section 481.0069 and support ongoing projects that have been assisted by the fund, including recommending to the legislature an appropriate funding level for the fund;</p> <p>(E) partner with the Texas Higher Education Coordinating Board to foster technological advancement and economic development for spaceport activities by strengthening higher education programs and supporting aerospace activities; and</p> <p>(F) partner with the Texas Workforce Commission to support initiatives that address the high technology skills and staff resources needed to better promote the state's efforts in becoming the leading space exploration state in the nation;</p> <p><u>(5) [(6)]</u> act as a liaison with other state and federal entities with related economic, educational, and defense responsibilities to support the marketing of the state's aerospace and aviation capabilities;</p> <p><u>(6) [(7)]</u> provide technical support and expertise to the state and to local spaceport authorities regarding aerospace and aviation business matters; and</p> <p><u>(7) [(8)]</u> be responsible for the promotion and development of spaceports in this state.</p> <p><u>(f) Chapter 2110 does not apply to the size, composition, or duration of the aerospace and aviation advisory committee.</u></p>	
<p>SECTION 3. Section 481.00681, Government Code, is amended by adding Subsection (i) to read as follows:</p> <p><u>(i) Chapter 2110 does not apply to the size, composition, or</u></p>	<p>SECTION 3. Same as House version.</p>	

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duration of the task force.

SECTION 4. Subchapter B, Chapter 481, Government Code, is amended by adding Section 481.0211 to read as follows:
Sec. 481.0211. ADVISORY COMMITTEES. (a) The office by rule may establish advisory committees to make recommendations to the office on programs, rules, and policies administered by the office.
(b) In establishing an advisory committee under this section, the office shall adopt rules, including rules regarding:
(1) the purpose, role, responsibility, goals, and duration of the committee;
(2) the size of and quorum requirement for the committee;
(3) qualifications for committee membership;
(4) appointment procedures for members;
(5) terms of service for members;
(6) training requirements for members;
(7) policies to avoid conflicts of interest by committee members;
(8) a periodic review process to evaluate the continuing need for the committee; and
(9) policies to ensure the committee does not violate any provisions of Chapter 551 applicable to the office or the committee.
(c) When the office establishes an advisory committee to make recommendations with regard to the aerospace and aviation industry, the governor shall appoint members of the committee.

SECTION 5. Section 481.022, Government Code, is amended

SECTION 4. Subchapter B, Chapter 481, Government Code, is amended by adding Section 481.0211 to read as follows:
Sec. 481.0211. ADVISORY COMMITTEES. (a) The office by rule may establish advisory committees to make recommendations to the office on programs, rules, and policies administered by the office.
(b) In establishing an advisory committee under this section, the office shall adopt rules, including rules regarding:
(1) the purpose, role, responsibility, goals, and duration of the committee;
(2) the size of and quorum requirement for the committee;
(3) qualifications for committee membership;
(4) appointment procedures for members;
(5) terms of service for members;
(6) training requirements for members;
(7) policies to avoid conflicts of interest by committee members;
(8) a periodic review process to evaluate the continuing need for the committee; and
(9) policies to ensure the committee does not violate any provisions of Chapter 551 applicable to the office or the committee.

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to read as follows:
Sec. 481.022. GENERAL DUTIES OF OFFICE. The office shall:
(1) market and promote the state as a premier business location and tourist destination;
(2) facilitate the location, expansion, and retention of domestic and international business investment to the state;
(3) promote and administer business and community economic development programs and services in the state, including business incentive programs;
(4) provide to businesses and communities in the state assistance with exporting products and services to international markets;
(5) serve as a central source of economic research and information; ~~and~~
(6) establish a statewide strategy to address economic growth and quality of life issues, a component of which is based on the identification and development of industry clusters; and
(7) develop a plan to engage with stakeholders to gather input and solicit feedback on the development of rules promulgated by the office related to lending programs, including participant selection, requirements for borrowers, terms of loans, requirements for disbursement of funds, and other aspects of program administration.

SECTION 6. Section 481.172, Government Code, is amended by amending Subsection (b) and adding Subsection (b-1) to read as follows:
(b) A memorandum of understanding entered into under Subsection (a)(8) shall provide that the office may:
(1) strategically direct and redirect each agency's tourism

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priorities and activities to:

- (A) most effectively meet consumer demands and emerging travel trends, as established by the latest market research; and
- (B) minimize duplication of efforts and realize cost savings through economies of scale;

(2) require each agency to submit to the office for advance approval:

- (A) resources, activities, and materials related to the promotion of tourism proposed to be provided by the agency;
- (B) a biennial plan of action for the agency's proposed tourism activities [~~, not later than June 1 of each year,~~] that includes:
 - (i) priorities identified by the agency that must include marketing, product development, and program development;
 - (ii) the agency's proposed budget for tourism activities; and
 - (iii) measurable goals and objectives of the agency related to the promotion of tourism; and
- (C) any proposed marketing message, material, logo, slogan, or other communication to be used by the agency in its tourism-related efforts, to assist the office in coordinating tourism-related efforts conducted in this state by the agency and the office and conducted outside of this state by the office;

(3) direct the development of a biennial [~~an annual~~] strategic tourism plan, including a marketing plan, to increase travel to this state, that:

- (A) provides the most effective and efficient expenditure of state funds for in-state marketing activities conducted by the agencies and encouraged by the office and out-of-state marketing activities conducted by the office;
- (B) establishes goals, objectives, and performance measures, including the measurement of the return on the investment

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made by an agency or the office, for the tourism-related efforts of all state agencies; and (C) is developed not later than <u>December</u> [September] 1 of each even-numbered year; and (4) direct the agencies to share costs related to administrative support for the state's tourism activities. <u>(b-1) The office may, using the input of each agency that is a party to a memorandum of understanding under Subsection (a)(8), establish procedures for the submission of the plan required under Subsection (b)(2)(B).</u>		
SECTION 7. Section 481.406, Government Code, is amended by adding Subsection (d) to read as follows: <u>(d) The office shall by rule develop:</u> <u>(1) procedures for disbursement of money to borrowers and lending partners for access to capital programs; and</u> <u>(2) documentation and recovery effort requirements of a participating partner for a claim against a reserve account.</u>	SECTION 7. Same as House version.	
SECTION 8. Section 489.105(b), Government Code, is amended to read as follows: (b) The fund consists of: (1) appropriations for the implementation and administration of this chapter; (2) [investment earnings under the original capital access fund established under Section 481.402; [(3)] fees charged under Subchapter BB, Chapter 481; (3) [(4)] interest earned on the investment of money in the fund; (4) [(5)] fees charged under this chapter;	SECTION 8. Same as House version.	

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(5) [(6)] investment earnings from the programs administered by the bank;

(6) [(7)] amounts transferred under Section 2303.504(b)[, as amended by Article 2, Chapter 1134, Acts of the 77th Legislature, Regular Session, 2001];

(7) [(8)] investment earnings under the Texas product development fund under Section 489.211;

(8) [(9)] investment earnings under the Texas small business incubator fund under Section 489.212; and

(9) [(10)] any other amounts received by the state under this chapter.

SECTION 9. Section 489.107, Government Code, is amended to read as follows:

Sec. 489.107. ANNUAL REPORT. (a) On or before January 1 of each year, the office shall submit to the legislature an annual status report on the activities of the bank.

(b) The report under Subsection (a) must include for each program administered by the office:

(1) the number of grants, loans, and designations awarded in the previous fiscal year;

(2) the total number of grants, loans, and designations awarded by the bank;

(3) the amount in dollars of all grants, loans, and designations described by Subdivisions (1) and (2);

(4) the number of applications received in the previous fiscal year;

(5) the number of outstanding loans and designations;

(6) a summary of each outstanding loan and designation, including the amount outstanding and the terms of the loan or designation;

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- (7) the balance of each program's fund and any reserve account; and
- (8) any challenges in administering each program, including any proposals for statutory changes that would address the challenges.
- (c) For the small business disaster recovery loan program, the report must include a general description of each small business for which an applicant was awarded a loan from the fund during the preceding fiscal year.
- (d) In preparing the report under Subsection (a), the office shall remove any identifying information pertaining to program participants.

SECTION 10. Sections 489.211(a) and (b), Government Code, are amended to read as follows:

(a) The Texas product development fund is a ~~[revolving]~~ fund in the state treasury.

(b) The product fund is composed of proceeds of bonds issued under this subchapter, financing application fees, loan repayments, guarantee fees, royalty receipts, dividend income, money appropriated by the legislature for authorized purposes of the product fund, amounts received by the state from loans, loan guarantees, and equity investments made under this subchapter, amounts received by the state from federal grants or other sources, ~~[amounts transferred from the original capital access fund under Section 481.415,]~~ and any other amounts received under this subchapter and required by the bank to be deposited in the product fund. The product fund contains a program account, an interest and sinking account, and other accounts that the bank authorizes to be created and maintained. Money in the product fund is available for use by

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the bank ~~[board]~~ under this subchapter. Investment earnings under the product fund must be transferred to the fund created under Section 489.105. Notwithstanding any other provision of this subchapter, any money in the product fund may be used for debt service, bond redemption, or any costs associated with debt service or bond redemption.

SECTION 11. Sections 489.212(a) and (b), Government Code, are amended to read as follows:

(a) The Texas small business incubator fund is a ~~[revolving]~~ fund in the state treasury.

(b) The small business fund is composed of proceeds of bonds issued under this subchapter, financing application fees, loan repayments, guarantee fees, royalty receipts, dividend income, money appropriated by the legislature for authorized purposes of the small business fund, amounts received by the state from loans, loan guarantees, and equity investments made under this subchapter, amounts received by the state from federal grants or other sources, ~~[amounts transferred from the original capital access fund under Section 481.415,]~~ and any other amounts received under this subchapter and required by the bank to be deposited in the small business fund. The small business fund contains a project account, an interest and sinking account, and other accounts that the bank authorizes to be created and maintained. Money in the small business fund is available for use by the bank ~~[board]~~ under this subchapter. Investment earnings under the small business fund must be transferred to the fund created under Section 489.105. Notwithstanding any other provision of this subchapter, any money in the small business fund may be used for debt service, bond redemption, or any costs

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associated with debt service or bond redemption.

SECTION 12. Section 489.215(b), Government Code, is amended to read as follows:

(b) This section applies to information in any form provided by or on behalf of an applicant for financing or a recipient of financing under this subchapter, including information contained in, accompanying, or derived from any application or report, that relates to a product, to the development, application, manufacture, or use of a product, or to the markets, market prospects, or marketing of a product and that is proprietary information of actual or potential commercial value to the applicant or recipient that has not been disclosed to the public. Confidential information includes scientific and technological information, including computer programs and software, and marketing and business operation information, regardless of whether the product to which the information relates is patentable or capable of being registered under copyright or trademark laws or has a potential for being sold, traded, or licensed for a fee. This section does not make confidential information in an account, voucher, or contract relating to the receipt or expenditure of public funds by the bank, board, or the department or its successor under this subchapter. This section applies to any information collected in winding up the product development and small business incubator program investment portfolio under Subchapter D-1.

SECTION 12. Same as House version.

SECTION 13. Chapter 489, Government Code, is amended by adding Subchapter D-1 to read as follows:

SECTION 13. Same as House version.

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SUBCHAPTER D-1. WINDING UP OF PRODUCT DEVELOPMENT AND SMALL BUSINESS INCUBATOR PROGRAM

Sec. 489.221. MANAGEMENT OF INVESTMENT PORTFOLIO; WINDING UP AND FINAL LIQUIDATION.

(a) In this section, "product development and small business incubator program investment portfolio" means:

(1) the equity positions in the form of stock or other security the bank took, on behalf of the state, in companies that received financing under the product development and small business incubator program; and

(2) any other investments made by the bank, on behalf of the state, and associated assets in connection with financing made under the product development and small business incubator program.

(b) The bank shall manage and wind up the product development and small business incubator program investment portfolio, including revenues and associated assets from financing and defaults on financing, in a manner that, to the extent feasible, provides for the maximum return on the state's investment. In managing those investments and associated assets through procedures and subject to restrictions that the bank considers appropriate, the bank may acquire, exchange, sell, supervise, manage, or retain any kind of investment or associated assets that a prudent investor, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances then prevailing pertinent to each investment or associated asset. The bank may recover its reasonable and necessary costs incurred in the management of the portfolio, including costs incurred in the retaining of professional or technical advisors, from the

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earnings on the investments in the portfolio.
(c) On completion of the winding up process under Subsection (b), the bank shall deposit any remaining investment earnings to the credit of the Texas economic development bank fund, as required under Sections 489.211 and 489.212.
(d) The bank has any power necessary to accomplish the purposes of this section.

No equivalent provision.

SECTION 14. Section 2303.003(7), Government Code, is amended to read as follows:
(7) "Qualified employee" means a person who:
(A) is a resident of this state;
(B) works for a qualified business;
(C) ~~[(B)]~~ receives wages from the qualified business from which employment taxes are deducted; and
(D) meets one of the following qualifications:
(i) the person ~~[(C)]~~ performs at least 50 percent of the person's service for the business at the qualified business site;
(ii) ~~[-or-]~~ if the person engages in the transportation of goods or services, the person reports to the qualified business site and resides within 50 miles of the qualified business site; or
(iii) if the person engages in services off-site, the person is assigned to the qualified business site and resides within 25 miles of the qualified business site.

No equivalent provision.

SECTION 15. Section 2303.4052, Government Code, is amended to read as follows:
Sec. 2303.4052. REQUIRED INFORMATION FROM NOMINATING BODY. (a) Before nominating the project or

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activity of a qualified business for designation as an enterprise project, the nominating body must submit to the bank:

(1) a certified copy of the ordinance or order, as appropriate, or reference to an ordinance or order as required by Section 2303.4051;

(2) a certified copy of the minutes of all public hearings conducted with respect to local incentives available to qualified businesses within the jurisdiction of the governmental entity nominating the project or activity, regardless of whether those businesses are located in an enterprise zone;

(3) the name, title, address, telephone number, and electronic mail address of the nominating body's liaison designated under Section 2303.204;

(4) if the business is seeking job retention benefits, documentation showing the number of employment positions at the qualified business site;

(5) any interlocal agreement required under Section 2303.004(c) that states:

(A) which governing body has the administration authority under Section 2303.201; and

(B) that both the county in which the project or activity is located and the municipality in whose jurisdiction the project or activity is located approve the nomination of the project or activity; and

(6) any additional information the bank may require.

(b) The nominating body may electronically submit in a manner prescribed by the bank a digital scan of a certified copy of the documentation required by Subsections (a)(1) and (2).

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<p>SECTION 14. The following provisions of the Government Code are repealed:</p> <p>(1) Sections 481.0066(d-1), (d-2), (e), (e-1), and (e-2);</p> <p>(2) Section 481.401(6-a);</p> <p>(3) Sections 481.406(b) and (c);</p> <p>(4) Sections 481.402, 481.404, 481.405, 481.407, 481.408, 481.409, 481.410, 481.412(a), 481.415, 481.458, 481.609, and 489.307; and</p> <p>(5) Sections 489.201, 489.202, 489.203, 489.204, 489.205, 489.206, 489.207, 489.208, 489.209, 489.210, 489.211(c), 489.212(c), 489.213, 489.214, 489.215(c), 489.216, and 489.217.</p> <p>SECTION 15. Not later than December 1, 2024, the Texas Economic Development and Tourism Office shall submit the first biennial strategic tourism plan required by Section 481.172(b)(3), Government Code, as amended by this Act.</p> <p>SECTION 16. A member of an advisory committee repealed by this Act may be reappointed to serve as a member of a new advisory committee established under Section 481.0211, Government Code, as added by this Act.</p> <p>No equivalent provision.</p>	<p>SECTION 16. The following provisions of the Government Code are repealed:</p> <p>(1) Sections 481.0066(d-1) and (d-2);</p> <p>(2) Section 481.401(6-a);</p> <p>(3) Sections 481.406(b) and (c);</p> <p>(4) Sections 481.402, 481.404, 481.405, 481.407, 481.408, 481.409, 481.410, 481.412(a), 481.415, 481.458, 481.609, and 489.307; and</p> <p>(5) Sections 489.201, 489.202, 489.203, 489.204, 489.205, 489.206, 489.207, 489.208, 489.209, 489.210, 489.211(c), 489.212(c), 489.213, 489.214, 489.215(c), 489.216, and 489.217.</p> <p>SECTION 17. Same as House version.</p> <p>SECTION 18. Same as House version.</p> <p>SECTION 19. (a) Except as provided by Subsection (b) of this section, Section 2303.003, Government Code, as amended by this Act, applies to an application for an enterprise project designation under the enterprise zone program under Chapter 2303, Government Code, as amended by this Act, that is submitted on or after the effective date of this Act. An</p>	

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application for an enterprise project designation under the enterprise zone program that is submitted before the effective date of this Act is governed by the law in effect on the date the application was submitted, and the former law is continued in effect for that purpose.
(b) Section 2303.003(7)(D), Government Code, as added by this Act, applies to an enterprise project that is under audit or subject to audit by the comptroller of public accounts on or after the effective date of this Act.

SECTION 17. This Act takes effect September 1, 2023.

SECTION 20. Same as House version.