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| BILL ANALYSIS |

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| H.B. 5246 |
| By: Bonnen |
| Delivery of Government Efficiency |
| Committee Report (Unamended) |

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| **BACKGROUND AND PURPOSE** Last session, the Texas Legislature created the Texas Space Commission and the Texas Aerospace Research and Space Economy Consortium (TARSEC) with the goal of maintaining the state's prominence in aerospace and space operations. The bill author has informed the committee that while the implementation of the commission and TARSEC has gone well, stakeholders have discerned that some modifications to the newly enacted statute could assist in the function and operations of these entities. H.B. 5246 seeks to address this issue by revising the administration, powers, and duties of the Texas Space Commission, TARSEC, and other entities or institutions that play a role in Texas' aerospace, aviation, and space exploration industries. |
| **CRIMINAL JUSTICE IMPACT**It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision. |
| **RULEMAKING AUTHORITY** It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution. |
| **ANALYSIS** H.B. 5246 amends the Government Code to revise provisions relating to the administration, powers, and duties of the Texas Space Commission, the Texas Aerospace Research and Space Economy Consortium (TARSEC), the aerospace and aviation office within the Texas Economic Development and Tourism Office (TEDTO) and other applicable entities and institutions regarding aerospace, aviation, and space exploration initiatives.**Texas Space Commission**H.B. 5246 revises the purposes of the Texas Space Commission by doing the following:* with respect to the purpose of strengthening the state's proven leadership in military activity, changing the applicable military activity from military aerospace activity to military outer space activity;
* including as a purpose of the commission the promotion of commercial aerospace opportunities; and
* removing as a purpose of the commission the integration of the aviation industry into the Texas economy.

The bill postpones the date the commission is abolished unless continued in existence under the Texas Sunset Act from September 1, 2032, to September 1, 2033.  H.B. 5246 revises the composition of the board of directors of the commission by doing the following:* establishing that the executive director of TEDTO serves as an ex officio nonvoting member of the board;
* specifying that the other nine members of the board are voting members;
* with respect to the experience that must be prioritized by the governor, lieutenant governor, and speaker of the house of representatives in appointing individuals to the board, changing that experience as follows:
	+ from experience in commercial aerospace to experience in the nongovernmental space industry;
	+ from experience in civil aviation to experience in governmental space operations;
	+ from experience in military aerospace to experience in military space operations; and
	+ from experience in space economic development to experience in space-related economic development;
* increasing the number of members whose staggered terms expire on January 31 of each odd-numbered year from two to three;
* removing the specification that the appointed members serve at the pleasure of the appointing office; and
* with respect to the requirement for the board to elect a presiding officer from among the board members, specifying that the presiding officer must be elected from among the board's voting members.

H.B. 5246 revises the duties of the board of directors of the commission by doing the following:* with respect to the requirement for the board to identify research and funding opportunities for entities in Texas that enhance the integration of the space, aeronautics, astronautics, and aviation industries, removing the astronautics and aviation industries;
* replacing the requirement for the board to solicit proposals on funding and research related to applicable objectives from TARSEC with a requirement for the board to solicit proposals from TARSEC for projects and opportunities related to those objectives that could be funded with money from the space exploration and aeronautics research fund;
* requiring the board to enter into an interagency agreement with TARSEC regarding the submission of proposals for projects eligible for a grant from the space exploration and aeronautics research fund; and
* requiring the board to employ a general counsel to advise the commission and perform duties assigned by the board.

The bill, with respect to the requirement for the chief compliance officer of the board to ensure that all grant proposals comply with statutory provisions relating to support for Texas aerospace and technology and with rules adopted under those provisions, removes the specification that such action be taken before the proposals are submitted to the board for approval.H.B. 5246 authorizes the board to solicit and accept donations and to establish a nonprofit corporation as necessary to carry out the purposes of statutory provisions relating to support for Texas aerospace and technology. The bill replaces the authorization for the board to engage in the planning and implementation of applicable aerospace-related educational opportunities in Texas in coordination with TARSEC with an authorization to instead engage in planning and implementation of space exploration and spaceflight-related education opportunities in Texas in coordination with TARSEC. The bill authorizes the board, in order to carry out the purposes of the commission, to charter any state-owned aircraft, including aircraft held by a public institution of higher education, the Department of Public Safety, or the Texas Department of Transportation, or other aircraft to travel to visit proposed project sites in Texas, including travel by persons approved by the executive director and the board's presiding officer. The bill also authorizes the board to contract with The Texas A&M University System as necessary to carry out the purposes of statutory provisions relating to support for Texas aerospace and technology.H.B. 5246 removes the promotion of aviation economic development in Texas from the purposes of the annually updated strategic plan developed by the commission. H.B. 5246 revises provisions relating to the space exploration and aeronautics research fund by doing the following:* specifying that space flight includes aeronautics with respect to the following purposes for which the commission may provide grants to eligible entities from the fund:
	+ development of emerging technologies required for any aspect of human space flight;
	+ research involving any aspect of space exploration and space flight; and
	+ workforce training to promote space exploration and space flight; and
* revises the entities that are eligible to receive a grant under the fund by doing the following:
	+ changing the governmental entity eligible to receive such a grant from a governmental entity with which the commission has entered into an applicable intergovernmental agreement to a governmental entity involved in the space exploration and space research industry or the aeronautics industry; and
	+ including TARSEC among those entities.

The bill requires an eligible governmental entity, if approved by the board, to enter into an intergovernmental agreement with the commission with respect to the project or activity for which the grant was awarded. The bill requires the commission to establish sufficient controls to ensure that an awarded grant from the space exploration and aeronautics research fund promotes the established purposes of the fund.H.B. 5246 requires the commission to adopt a policy on advance payments to grant recipients. The bill authorizes money awarded under the fund to be used for authorized expenses, including honoraria, salaries and benefits, travel, conference fees and expenses, consumable supplies, other operating expenses, contracted research and development, capital equipment, and construction or renovation of state or private facilities. The bill prohibits an entity receiving money under the fund for space exploration or aeronautics research from spending more than five percent of the money for indirect costs, defined by the bill as expenses of doing business that are not readily identified with a particular grant, contract, project, function, or activity, but are necessary for the general operation of the entity or the performance of the entity's activities.H.B. 5246 replaces the requirement for the board of the commission to adopt rules regarding the procedure for awarding grants, including a procedure for TARSEC to make recommendations to the board for grant awards, with a requirement for the board to adopt rules regarding the procedure for awarding grants to applicants, including obtaining information from TARSEC. The bill specifies that the prohibition against the board awarding a grant to an applicant who has made a gift or grant to the commission or a nonprofit organization established to provide support to the commission applies to such a gift or grant made during the preceding two years.**Texas Aerospace Research and Space Economy Consortium**H.B. 5246 postpones the date TARSEC is abolished unless continued under the Texas Sunset Act from September 1, 2032, to September 1, 2033.H.B. 5246 revises the purposes of TARSEC by doing the following:* removing as a purpose providing funding recommendations to the Texas Space Commission; and
* with respect to the purpose of strengthening the state's proven leadership in military activity, changing the applicable military activity from military aerospace activity to military space-related activity;
* replacing the purpose of identifying research opportunities for entities within Texas that enhance the state's position in astronautics with identifying research opportunities for entities within Texas that enhance the state's position in the development of space travel technologies; and
* removing as a purpose the integration of the astronautics and aviation industry into the Texas economy.

H.B. 5246 specifies that the institutions of higher education of which TARSEC is composed are each participating institution of higher education and establishes that such an institution is considered a participating member of TARSEC if the institution submits to the executive committee the name of a local campus liaison to represent the institution on TARSEC. The bill requires the selection of an entity for membership in TARSEC other than a participating institution of higher education to be based on an application process established by the executive committee.H.B. 5246 changes the entity to which TARSEC is administratively attached from the governor's office to the Texas A&M Engineering Experiment Station and requires the executive committee of TARSEC to establish procedures for entering into contracts with applicable subcontractors as necessary to provide administrative and staff support to TARSEC.H.B. 5246 establishes that an appointed member of the TARSEC executive committee serves at the pleasure of the appointing official. The bill requires the appropriate appointing official to appoint a successor to the executive committee not later than the 30th day after the date a vacancy occurs. The bill authorizes the executive committee, on behalf of TARSEC, to give or spend any gifts, grants, or donations from any public or private source for the purposes of TARSEC. The bill revises provisions relating to the general duties of the executive committee by doing the following:* removing the requirement for the committee to gather and coordinate recommendations from TARSEC members on funding opportunities;
* removing the requirement for the executive committee to establish procedures for documenting compliance by TARSEC staff with applicable laws governing conflicts of interest; and
* requiring the committee to establish procedures for submitting to the board of directors of the commission a request for a grant from the space exploration and aeronautics research fund for recommended projects and activities and for entering into necessary agreements if awarded a grant.

The bill establishes that executive committee members serve without compensation but are entitled to reimbursement for actual expenses incurred in attending committee meetings, which are paid from funds appropriated to TARSEC. The bill establishes that statutory provisions governing state agency advisory committees do not apply to the size, composition, or duration of the executive committee.**Spaceport Trust Fund**H.B. 5246 repeals provisions relating to the creation and administration of the spaceport trust fund. The bill abolishes the trust fund on September 1, 2025, and transfers the balance of the fund to the general revenue fund for use in accordance with legislative appropriation, except as otherwise provided. The bill establishes that the abolishment of the spaceport trust fund and the repeal of the applicable statutory provisions do not affect the validity of a contract between TEDTO and a spaceport development corporation for the development of applicable spaceport infrastructure that is entered into before September 1, 2025.H.B. 5246 requires money that was deposited in the spaceport trust fund as a gift, grant, or donation to be held in trust by the comptroller of public accounts outside the state treasury and to be administered by the comptroller as trustee. The bill authorizes the comptroller to do the following:* spend money encumbered by the specific terms of the gift, grant, or donation only in accordance with those terms;
* return to the donor or grantor, on request, any portion of the amount of a gift, grant, or donation that remains on deposit; or
* transfer to the general revenue fund for use in accordance with legislative appropriation any other remaining money deposited in the fund as a gift, grant, or donation.

The bill establishes that money from the spaceport trust fund that is encumbered because the money is obligated by contract before September 1, 2025, but under the terms of the contract will not be distributed until a later date to be held in trust by the comptroller as trustee outside the state treasury and be administered by the comptroller as trustee to ensure that the money is distributed in accordance with the terms of the contract. If TEDTO determines that the money will not be distributed in accordance with the terms of contract, TEDTO must certify that fact to the comptroller. The bill requires the comptroller, on such certification, to transfer that money to the general revenue fund to be used in accordance with legislative appropriation.H.B. 5246 requires the following payments or other amounts to be remitted to the comptroller for deposit to the general revenue fund on or after the bill's effective date:* any interest or income earned on the investment of money in the spaceport trust fund;
* any money returned by a spaceport development corporation under a contract entered into for the development of applicable spaceport infrastructure; and
* any money received by a donor or grantor that is subsequently returned to the state.

**Aerospace and Aviation Office**H.B. 5246 revises provisions relating to the duties of the aerospace and aviation office in TEDTO by doing the following:* changing the type of research the office is required to analyze from space-related research to aerospace-related research;
* with respect to the requirement for the office to develop short-term and long-term policy initiatives or recommend reforms the state may undertake or implement to accomplish certain duties:
	+ removing the duty of supporting the retention, development, and expansion of spaceports in Texas;
	+ removing the duty of determining the appropriate level of funding for the spaceport trust fund, including recommending to the legislature an appropriate funding level for the fund;
	+ removing the duty of partnering 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;
	+ replacing the duty of supporting ongoing projects that have been assisted by the spaceport trust fund with the duty of supporting ongoing projects that have been assisted by the former spaceport trust fund; and
	+ replacing the duty of partnering with the Texas Higher Education Coordinating Board (THECB) to foster technological advancement and economic development for spaceport activities with the duty of partnering with the THECB to foster such development for aerospace activities; and
* removing the requirement for the office to be responsible for the promotion and development of spaceports in Texas.

H.B. 5246 revises the composition of the aerospace and aviation advisory committee by removing the requirement that the committee include one member for each active spaceport development corporation in the state who represents the interests of each respective spaceport development corporation in Texas. The bill removes the requirement for the advisory committee to advise TEDTO, the aerospace and aviation office, and the governor on an appropriate funding level for the spaceport trust fund. The bill establishes that a term of a member serving on the advisory committee immediately preceding the bill's effective date expires on that date but authorizes a member to be reappointed to the committee.**Repealed Provision**H.B. 5246 repeals Section 481.0069, Government Code. |
| **EFFECTIVE DATE** September 1, 2025. |