

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 5246
By: Bonnen (Huffman)
Finance
5/21/2025
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Last session, the Texas Legislature created the Texas Space Commission (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. 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 commission, TARSEC, and other entities or institutions that play a role in Texas' aerospace, aviation, and space exploration industries.

(Original Author's/Sponsor's Statement of Intent)

C.S.H.B. 5246 amends current law relating to the administration, powers, and duties of the Texas Space Commission, and Texas Aerospace Research and Space Economy Consortium, to other governmental entities regarding aerospace, aviation, and space exploration initiatives and activities, and to the abolishment of the spaceport trust fund.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to board of directors of the Texas Space Commission is modified in SECTION 11 (Section 482.501, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 481.0066(d), (e), and (e-1), Government Code, as follows:

(d) Provides that the aerospace and aviation office (office) is required to:

(1) analyze aerospace-related, rather than space-related, and aviation-related research currently conducted in this state and is authorized to conduct activities designed to further that research;

(2)-(3) makes no changes to these subdivisions;

(4) as part of and to further the purposes of the industry-specific strategic plan described by Subdivision (3) (relating to developing short-and long-term business strategies relating to promoting the retention, development, and expansion of aerospace and aviation industry facilities in the state), develop short-term and long-term policy initiatives or recommend reforms the state is authorized to undertake or implement to:

(A) makes no changes to this subdivision;

(B) redesignates existing Paragraph (C) as Paragraph (B) and makes no further changes;

(C) support ongoing projects that have been assisted by the former spaceport trust fund (fund); and

(D) partner with the Texas Higher Education Coordinating Board to foster technological advancement and economic development for aerospace, rather than spaceport, activities by strengthening higher education programs and supporting aerospace activities;

(5) makes a nonsubstantive change to this subdivision; and

(6) makes a conforming change to this subdivision.

Deletes existing text requiring the aerospace and aviation office to, 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 is authorized to undertake or implement to support the retention, development, and expansion of spaceports in this state; determine the appropriate level of funding for the fund created under Section 481.0069 (Spaceport Trust Fund) and support ongoing projects that have been assisted by the fund, including recommending to the legislature an appropriate funding level for the fund; and 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. Deletes existing text requiring the aerospace and aviation office to be responsible for the promotion and development of spaceports in this state. Makes nonsubstantive changes.

(e) Deletes existing text requiring the governor to appoint an aerospace and aviation advisory committee (committee) consisting of one member for each active spaceport development corporation in the state who represents the interests of each respective spaceport development corporation. Makes nonsubstantive changes.

(e-1) Deletes existing text requiring the committee to advise the office, the aerospace and aviation office, and the governor on an appropriate funding level for the fund. Makes nonsubstantive changes.

SECTION 2. Amends Section 482.001, Government Code, by adding Subdivision (2-a) to define "consortium."

SECTION 3. Amends Sections 482.101(a) and (b), Government Code, as follows:

(a) Provides that the Texas Space Commission (commission) is established to strengthen this state's proven leadership in civil, commercial, and military outer space, rather than aerospace, activity.

(b) Provides that the purpose of the commission is to promote:

(1) innovation in the fields of space exploration and commercial space, rather than commercial aerospace;

(2) commercial space opportunities; and

(3) the integration of the space and aeronautics industries, rather than space, aeronautics, and aviation industries, into the economy of this state.

Makes a nonsubstantive change to this subsection.

SECTION 4. Amends Section 482.103, Government Code, as follows:

Sec. 482.103. SUNSET PROVISION. Provides that, unless continued in existence as provided by Chapter 325 (Texas Sunset Act), the commission is abolished and Chapter 482 (Texas Aerospace and Technology Support) expires September 1, 2033, rather than September 1, 2032.

SECTION 5. Amends Section 482.105, Government Code, by amending Subsections (a), (b), (c), (e), and (f) and adding Subsection (a-1), as follows:

(a) Provides that the commission is governed by a board of directors (board) composed of nine certain voting members. Makes nonsubstantive changes.

(a-1) Provides that the executive director of the Texas Economic Development and Tourism Office serves as an ex officio nonvoting member of the board.

(b) Requires the governor, lieutenant governor, and speaker of the house of representatives, in making appointments under Subsection (a), to prioritize appointing individuals with experience in:

(1) the nongovernmental commercial space industry, rather than commercial aerospace;

(2) governmental space operations, rather than civil aviation;

(3) military space operations, rather than military aerospace;

(4) space-related, rather than space, economic development; and

(5)-(6) makes no changes to these subdivisions.

(c) Provides that voting members of the board appointed by the governor, lieutenant governor, and speaker of the house serve for staggered six-year terms, with the terms of three members expiring on January 31 of each odd-numbered year. Deletes existing text providing that members of the board appointed by certain person serve at the pleasure of the appointing office for staggered six-year terms, with the terms of two members expiring January 31 of each odd-numbered year.

(e)-(f) Makes conforming changes to these subsections.

SECTION 6. Amends Section 482.107, Government Code, as follows:

Sec. 482.107. BOARD OF DIRECTORS: AUTHORITY. (a) Requires the board to:

(1)-(3) makes no changes to these subdivisions;

(4) identify research and funding opportunities for entities within this state that meet certain criteria, including enhance the integration of the space and aeronautics industries, rather than space, aeronautics, astronautics, and aviation industries, into this state's economy;

(5) makes a nonsubstantive change to this subdivision;

(6) solicit recommendations from the Texas Aerospace Research and Space Economy Consortium (consortium) for projects and opportunities related to the objectives in this chapter that may be funded with money from the fund;

(7) market and promote the state as the premier location for space-related industries and promote commission activities;

(8) develop a database that provides information on the promotion of space-related and aeronautics-related economic development in this state; and

(9) establish procedures for the commission as necessary to provide administrative and staff support to the consortium.

Deletes existing text requiring the board to solicit proposals on funding and research opportunities related to the objectives in this chapter from the consortium established under Subchapter G (Texas Aerospace Research and Space Economy Consortium).

(b) Requires the chief compliance officer to ensure that all grant proposals comply with this chapter and rules adopted under this chapter, rather than that all grant proposals comply with certain provisions and rules before the proposals are submitted to the board for approval.

(b-1) Requires the board to employ a general counsel to advise the commission and the consortium and perform duties assigned by the board.

(c) Authorizes the board to:

(1)-(2) makes no changes to these subdivisions;

(3) solicit and accept gifts, grants, or donations, including donations of goods or services provided in accordance with commission specifications at no cost to the commission;

(4) contract with any entity;

(5)-(8) redesignates existing Subdivisions (4)-(7) as Subdivisions (5)-(8);

(9) makes nonsubstantive changes to this subdivision;

(10) engage in the planning and implementation of space exploration and spaceflight-related, rather than aerospace-related, educational opportunities within this state in coordination with the consortium, rather than the consortium established under Subchapter G; and

(11) subject to the governor's approval, enter into an intergovernmental agreement with another state or the United States, including the United States Department of Defense and the National Aeronautics and Space Administration, as necessary to carry out the purposes of this chapter.

Makes a nonsubstantive change to this subsection.

SECTION 7. Amends Subchapter B, Chapter 482, Government Code, by adding Sections 482.108 and 482.109, as follows:

Sec. 482.108. PROCUREMENT OF CERTAIN SPACE-RELATED VEHICLES AND EQUIPMENT. (a) Authorizes the board, notwithstanding Section 2155.083 (Electronic State Business Daily; Notice Regarding Procurements Exceeding \$25,000) or any other law and subject to Subsection (b), to authorize the commission to procure, lease, or otherwise secure access to capacity on or through a spacefaring vehicle, platform, or infrastructure, including a rocket, shuttle, spaceplane, satellite, space station, lunar or planetary base, and other orbital, suborbital, or extraterrestrial transport or habitation system, regardless of whether the vehicle, platform, or infrastructure is owned or operated by a governmental, commercial, or private entity.

(b) Requires the board, before the commission takes a proposed action under Subsection (a), to:

(1) determine the proposed action:

(A) promotes or serves a legitimate and clearly defined public purpose;

(B) provides demonstrable value, taking into consideration the feasibility and cost-effectiveness of the proposed action, alternative approaches to attaining the same or a similar public purpose as the proposed action, and potential benefits of the proposed action; and

(C) is subject to appropriate controls and contractual requirements sufficient to protect the interests of the state;

(2) discuss the determinations the board is required to find under Subdivision (1) in an open meeting held in accordance with Chapter 551 (Open Meetings); and

(3) by a majority vote of the voting board members present and voting, authorize the action in an open meeting held in accordance with Chapter 551.

Sec. 482.109. CERTAIN GRANT APPLICATIONS AND DEFENSE, MILITARY, AND AEROSPACE ISSUES: CLOSED MEETING. (a) Authorizes the board to conduct a closed meeting in accordance with Subchapter E (Procedures Relating to Closed Meeting), Chapter 551, to deliberate or confer with one or more employees, consultants of the commission, or legal counsel of the commission to discuss:

(1) a grant application being considered by the board if, before conducting the closed meeting, a majority of the voting members of the board in an open meeting vote that deliberating or conferring in an open meeting would reveal the grant applicant's confidential information, reveal national security information, or have a detrimental effect on the position of the commission in negotiations with a grant applicant; or

(2) a matter related to:

(A) the establishment of an office, base, or major facility in this state by the United States Department of Defense or the National Aeronautics and Space Administration; or

(B) an economic incentive a governmental body is authorized to offer to a private entity or nonprofit organization to meet a match requirement or other requirement established by the United States Department of Defense or the National Aeronautics and Space Administration in relation to grants or strategic endeavors.

(b) Authorizes the commission, notwithstanding any other law, to disclose a matter discussed under Subsection (a)(2) with any state agency if the presiding officer of the board determines it necessary to accomplish the establishment of an office, base, or major facility in this state by the United States Department of Defense or the National Aeronautics and Space Administration.

(c) Requires that any vote or final action taken on a matter described by Subsection (a)(1) or (2) be conducted in an open meeting.

SECTION 8. Amends Sections 482.201(a) and (d), Government Code, as follows:

(a) Requires the commission to develop and biennially, rather than annually, update a strategic plan for the promotion of space and aeronautics, rather than space, aeronautics, and aviation, economic development in this state.

(d) Requires the board to submit the strategic plan to the governor, the lieutenant governor, and the speaker of the house of representatives not later than December 31 of each even-numbered year.

SECTION 9. Amends Section 482.301(a), Government Code, to provide that the space exploration and aeronautics research fund is established to provide grants to eligible entities and for other purposes as provided by this chapter.

SECTION 10. Amends the heading to Section 482.302, Government Code, to read as follows:

Sec. 482.302. USE OF FUND FOR GRANTS.

SECTION 11. Amends Section 482.302, Government Code, by amending Subsections (a) and (b) and adding Subsections (b-1), (e), (e-1), (f), (g), and (h), as follows:

(a) Authorizes the commission, using money available in the fund, to provide grants to eligible entities described by Subsection (b) for the purposes of:

(1) development of emerging technologies required for any aspect of human space flight, including aeronautics;

(2)-(3) makes conforming changes to these subdivisions; and

(4)-(5) makes no changes to these subdivisions.

(b) Provides that the following entities are eligible for a grant made under Subchapter D (Space Exploration and Aeronautics Research Fund):

(1) a business or nonprofit entity involved in the space exploration and space research industry or the aeronautics industry;

(2) a governmental entity involved in the space exploration and space research industry or the aeronautics industry, rather than a governmental entity with which the commission has entered into an intergovernmental agreement for than purpose; and

(3) the consortium.

Makes nonsubstantive changes to this subsection.

(b-1) Requires the governmental entity, if the board approves a grant for a governmental entity described by Subsection (b)(2), to enter into an intergovernmental agreement with the commission with respect to the project or activity for which the grant was awarded.

(e) Requires the commission to establish sufficient controls to ensure that a grant awarded under this subchapter promotes the purposes listed in Subsection (a).

(e-1) Authorizes the commission, using money available in the fund, and subject to the approval of the governor, to provide grants to, or fund the costs and expenses incurred under agreements between the commission and, another state, the United States, or entities described by Subsection (b) for the purposes of establishing a space-related office, base, or major facility in this state by the United States Department of Defense or the National Aeronautics and Space Administration and relocating or acquiring decommissioned assets related to the space industry to this state.

(f) Requires the commission to adopt a policy on advance payments to grant recipients.

(g) Authorizes money awarded under this subchapter, except as otherwise provided by Section 482.302 (Space Exploration and Aeronautics Research Fund; Grants), 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.

(h) Prohibits an entity receiving money under this subchapter for space exploration or aeronautics research from spending more than five percent of the money for indirect costs. Defines "indirect costs."

SECTION 12. Amends Subchapter D, Chapter 482, Government Code, by adding Section 482.303 as follows:

Sec. 482.303. **USE OF FUND FOR OTHER PURPOSE.** Authorizes money available in the fund to be used to fund the costs and expenses incurred under intergovernmental agreements between the commission and another state or the United States under this subchapter.

SECTION 13. Amends Section 482.501, Government Code, as follows:

Sec. 482.501. New heading: **RULES; CERTAIN LIMITATIONS ON GRANT AWARDS.** (a) Requires the board to adopt rules regarding the procedure for awarding grants to applicants under this chapter. Requires that the rules authorize the commission to identify the specific purpose under Section 482.302(a) for which the commission awards a grant and obtain information from the consortium as necessary to make award determinations. Deletes existing text requiring the board to adopt rules regarding the procedure for awarding grant to an applicant under this chapter, including a procedure for the consortium to make recommendations to the board for grant awards.

(b) Prohibits the board from awarding a grant to an applicant who has made a gift, grant, or donation to the commission or a nonprofit organization established to provide support to the commission during the preceding year. Makes nonsubstantive changes.

SECTION 14. Amends Section 482.505, Government Code, as follows:

Sec. 482.505. (a) New heading: **GRANT RECORDS; PUBLIC INFORMATION EXCEPTION.** Creates this subsection from existing text. Requires the commission to maintain complete records of:

(1) makes no changes to this subdivision;

(2) financial reports, rather than each grant recipient's financial reports, of each grant recipient described by Section 482.302(b), including the amount of matching money dedicated to the project, rather than research, specified for the grant award, if applicable;

(3) makes no changes to this subdivision; and

(4) the board's review of the grant recipient's financial reports, if applicable, and progress reports.

(b) Provides that a grant application submitted to the commission is confidential and not subject to disclosure under Chapter 552 (Public Information).

SECTION 15. Amends Subchapter G, Chapter 482, Government Code, as follows:

SUBCHAPTER G. TEXAS AEROSPACE RESEARCH AND SPACE ECONOMY CONSORTIUM

Sec. 482.601. New heading: **DEFINITION.** Deletes existing text defining "consortium."

Sec. 482.602. SUNSET PROVISION. Provides that, unless continued in existence as provided by that chapter, the consortium is abolished and this subchapter expires September 1, 2033, rather than 2032.

Sec. 482.603. ESTABLISHMENT; PURPOSE. Provides that the consortium is established as an advisory committee to the board to:

(1) identify research opportunities for entities within this state that:

(A) strengthen this state's proven leadership in civil, commercial, and military space-related, rather than aerospace, activity;

(B) makes a conforming change to this paragraph; and

(C) enhance the integration of the space and aeronautics, rather than space, aeronautics, astronautics, and aviation, industries into this state's economy; and

(2) provide research recommendations, rather than funding and research recommendations, to the commission.

Sec. 482.604. CONSORTIUM COMPOSITION. (a) Creates this subsection from existing text. Provides that, subject to Subsections (b) and (c), the consortium is composed of certain entities, including each participating institution of higher education.

(b) Provides that an institution of higher education is considered a participating member of the consortium if the institution submits to the executive committee the name of a local campus liaison to represent the institution on the consortium.

(c) Requires that selection of an entity for membership in the consortium under Subsection (a)(2) (relating to any other entity that the executive committee considers necessary) be based on an application process established by the executive committee.

Sec. 482.605. ADMINISTRATIVE ATTACHMENT. Provides that the consortium is administratively attached to the commission, rather than to the Office of the Governor (governor's office), for the purpose of receiving and administering appropriations and other funds under this subchapter. Deletes existing text providing that the governor's office is not responsible for providing to the consortium staff, human resources, contract monitoring, purchasing, or any other administrative support services.

Sec. 482.606. EXECUTIVE COMMITTEE COMPOSITION. (a) Makes no changes to this subsection.

(a-1) Provides that an appointed member of the executive committee serves at the pleasure of the appointing official.

(b) Requires the governor, the lieutenant governor, and the speaker of the house of representatives, respectively, in making appointments under Subsection (a) (relating to providing that the consortium is governed by an independent executive committee composed of certain persons), to meet certain criteria, including ensuring that the appointments reflect, to the extent possible, multiple geographic regions of this state, rather than the ethnic and geographic diversity of this state.

(c) Requires the appropriate appointing official, if a vacancy occurs on the executive committee, to appoint a successor in the same manner as the initial appointment, rather than providing that a vacancy on the executive committee is filled in the same manner as the initial appointment. Requires the appropriate

appointing official to appoint the successor not later than the 30th day after the date the vacancy occurs.

(d) Makes no changes to this subsection.

Sec. 482.607. GIFTS, GRANTS, AND DONATIONS. Authorizes the executive committee, on behalf of the consortium, to solicit, accept, or spend any gifts, grants, or donations from any public or private source for the purpose of carrying out this subchapter. Makes nonsubstantive changes.

Sec. 482.608. GENERAL DUTIES. (a) Requires the executive committee to:

(1) develop and organizational plan to further the purposes of the consortium, rather than develop and execute a certain comprehensive statewide strategic plan;

(2) gather and coordinate recommendations from consortium members on research and development opportunities in accordance with the purposes of the consortium; and

(3) establish procedures and policies for the administration of the consortium, including:

(A) procedures for documenting compliance by members of the committee and members of the consortium, rather than consortium staff, with applicable laws governing conflicts of interest;

(B) makes no changes to this paragraph; and

(C) procedures for submitting to the board a request to fund recommended projects and activities, rather than procedures for entering into contracts with The Texas A&M University System as necessary for that system to provide administrative and staff support to the consortium.

Makes nonsubstantive changes to this subsection.

(b) Authorizes a member of the consortium to participate in consortium fact-finding, rather than consortium fact-finding and strategic planning, and the formation of recommendations for purposes of Subsections (a)(1) and (a)(2). Requires a member of the consortium, before assisting the executive committee as provided by this subsection, to designate a liaison to the committee, rather than the executive committee, to represent that member.

Sec. 482.609. BIENNIAL REPORT. Redesignates existing Section 482.609 as Section 483.009 and makes no further changes.

Sec. 482.610. COMPENSATION; EXPENSES. Provides that executive committee members serve without compensation but are entitled to reimbursement for actual expenses incurred in attending committee meetings. Provides that those expenses are paid from funds appropriated to the consortium.

Sec. 482.611. APPLICABILITY OF OTHER LAW. Provides that Chapter 2110 (State Agency Advisory Committees) does not apply to the size, composition, or duration of the executive committee.

SECTION 16. Repealer: Section 481.0069 (Spaceport Trust Fund), Government Code.

SECTION 17. (a) Defines "office" and "spaceport development corporation."

(b) Provides that, on the effective date of this Act, the fund is abolished and the balance of the fund is transferred to the general revenue fund for use in accordance with legislative appropriation, except as provided by Subsections (d) and (e) of this section.

(c) Provides that the abolishment of the spaceport trust fund and the repeal of Section 481.0069, Government Code, do not affect the validity of a contract between the office and a spaceport development corporation that is entered into under Section 481.0069(e) (relating to authorizing money the fund to be used only for certain purposes), Government Code, before the effective date of this Act.

(d) Requires that money that was deposited in the spaceport trust fund as a gift, grant, or donation under Section 481.0069(c)(1) (relating to providing that the fund consists of money from gifts, grants, or donations to the governor's office for certain purposes), Government Code, be held in trust by the Comptroller of Public Accounts of the State of Texas (comptroller) outside the state treasury and be administered by the comptroller as trustee as provided by this subsection. Authorizes the comptroller to:

(1) spend money encumbered by the specific terms of the gift, grant, or donation only in accordance with those terms;

(2) return to the donor or grantor, on request, any portion of the amount of a gift, grant, or donation described by this subsection that remains on deposit; or

(3) transfer to the general revenue fund for use in accordance with legislative appropriation any other remaining money deposited as a gift, grant, or donation under Section 481.0069(c)(1), Government Code.

(e) Provides that money from the spaceport trust fund that is encumbered because the money is obligated by contract before the effective date of this Act, but under the terms of the contract will not be distributed until a later date, is required to be held in trust by the comptroller as trustee outside the state treasury, and is required to be administered by the comptroller as trustee to ensure that the money is distributed in accordance with the terms of the contract. Requires the governor's office, if the governor's office determines that the money will not be distributed in accordance with the terms of the contract, to certify that fact to the comptroller. Requires the comptroller, on that certification, to transfer that money to the general revenue fund to be used in accordance with legislative appropriation.

(f) Requires that the following payments or other amounts, on or after the effective date of this Act, be remitted to the comptroller for deposit to the general revenue fund:

(1) any interest or income earned on the investment of money in the spaceport trust fund;

(2) any money returned by a spaceport development corporation under a contract entered into under Section 481.0069, Government Code; and

(3) any money received by a donor or grantor under Subsection (d)(2) of this section that is subsequently returned to the state.

SECTION 18. Provides that the term of a member serving on the aerospace and aviation advisory committee immediately preceding the effective date of this Act expires on that date. Authorizes the member to be reappointed to the committee.

SECTION 19. Effective date: September 1, 2025.