

1-1 By: Bonnen (Senate Sponsor - Schwertner) H.B. No. 104  
 1-2 (In the Senate - Received from the House May 6, 2025;  
 1-3 May 6, 2025, read first time and referred to Committee on Finance;  
 1-4 May 25, 2025, reported adversely, with favorable Committee  
 1-5 Substitute by the following vote: Yeas 12, Nays 3; May 25, 2025,  
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14		X		
1-15		X		
1-16	X			
1-17	X			
1-18	X			
1-19	X			
1-20	X			
1-21	X			
1-22		X		
1-23	X			

1-24 COMMITTEE SUBSTITUTE FOR H.B. No. 104 By: Schwertner

1-25 A BILL TO BE ENTITLED  
 1-26 AN ACT

1-27 relating to the creation of the Texas future fund and the Texas  
 1-28 future fund investment review board and to the permissible uses of  
 1-29 money in the Texas future fund.

1-30 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-31 SECTION 1. Subtitle F, Title 4, Government Code, is amended  
 1-32 by adding Chapter 483 to read as follows:

1-33 CHAPTER 483. TEXAS FUTURE FUND  
 1-34 SUBCHAPTER A. GENERAL PROVISIONS

1-35 Sec. 483.0001. PURPOSES. The purposes of this chapter are  
 1-36 to:

1-37 (1) strengthen this state's proven leadership in  
 1-38 supporting the advancement of innovative technologies; and

1-39 (2) develop and diversify this state's economy by  
 1-40 authorizing investments in frontier technology infrastructure,  
 1-41 industry sectors critical to national defense, and other innovative  
 1-42 technologies.

1-43 Sec. 483.0002. DEFINITIONS. In this chapter:

1-44 (1) "Board" means the Texas future fund investment  
 1-45 review board.

1-46 (2) "Fund" means the Texas future fund.

1-47 (3) "Trust company" means the Texas treasury  
 1-48 safekeeping trust company.

1-49 Sec. 483.0003. PUBLIC INFORMATION. (a) The following is  
 1-50 public information and may be disclosed under Chapter 552:

1-51 (1) the name, the address, and a summary description  
 1-52 of an entity that has received an investment of money from the fund;

1-53 (2) the date on which the fund made an investment in an  
 1-54 entity and, if applicable, the date of any additional investments  
 1-55 in the entity;

1-56 (3) the dollar amount of capital committed or invested  
 1-57 in an entity or project;

1-58 (4) the dollar amount of capital returned by an entity  
 1-59 in connection with an investment from the fund;

1-60 (5) the internal rate of return or another investment

2-1 performance metric used in connection with each investment of money  
 2-2 from the fund and the date on which the rate of return or other  
 2-3 investment performance metric was calculated;

2-4 (6) the names of the principals responsible for  
 2-5 managing any entity in which money from the fund is or has been  
 2-6 invested;

2-7 (7) each recusal filed by a member of the board in  
 2-8 connection with a deliberation or decision of the board relating to  
 2-9 an investment of money from the fund;

2-10 (8) the minutes and audio or video recordings of each  
 2-11 open portion of a board meeting at which an item described by  
 2-12 another provision of this subsection was discussed;

2-13 (9) the state's percentage ownership interest in an  
 2-14 entity that received an investment of money from the fund;

2-15 (10) any annual ethics disclosure report submitted to  
 2-16 the board or the trust company from an entity that has received an  
 2-17 investment of money from the fund; and

2-18 (11) any other relevant information concerning an  
 2-19 investment of money from the fund with the consent of the receiving  
 2-20 entity.

2-21 (b) All information received by the board, the comptroller,  
 2-22 the trust company, or a contractor of the comptroller or the trust  
 2-23 company from or about an entity that has received an investment of  
 2-24 money from the fund or an entity that was considered for an  
 2-25 investment of money from the fund that is not listed in Subsection  
 2-26 (a) is confidential and excepted from disclosure under Chapter 552.

2-27 SUBCHAPTER B. CREATION AND OPERATION OF TEXAS FUTURE FUND

2-28 Sec. 483.0051. CREATION OF FUND. The Texas future fund is  
 2-29 created as a separately managed account in the economic  
 2-30 stabilization fund. The comptroller shall administer the fund.

2-31 Sec. 483.0052. INVESTMENT OF MONEY IN FUND; ACCOUNTING.

2-32 (a) The trust company, or the trust company's designated  
 2-33 investment manager, in consultation with the board, shall invest  
 2-34 money in the fund in the manner authorized by this chapter.

2-35 (b) The trust company or its investment manager, as provided  
 2-36 by the investment policy adopted by the board under Section  
 2-37 483.0109, may invest the proceeds and other earnings received from  
 2-38 the sale of stock or other investments made using money in the fund  
 2-39 and any interest earned on amounts in the fund.

2-40 (c) The trust company shall:

2-41 (1) credit to the fund all payments, distributions,  
 2-42 interest, and other earnings attributable to the investment of  
 2-43 money in the fund; and

2-44 (2) provide separate accounting for, and reporting on,  
 2-45 the investments made using money in the fund.

2-46 Sec. 483.0053. INVESTMENT STANDARD. In managing the  
 2-47 investments made using money in the fund, the trust company, in the  
 2-48 manner authorized by the board, may acquire, exchange, sell,  
 2-49 supervise, manage, or retain any kind of investment that a prudent  
 2-50 investor, exercising reasonable care, skill, and caution, would  
 2-51 acquire or retain in light of the purposes, terms, distribution  
 2-52 requirements, and other circumstances then prevailing for the fund,  
 2-53 taking into consideration the investment of all the assets of the  
 2-54 fund rather than a single investment.

2-55 Sec. 483.0054. PAYMENT OF FUND EXPENSES. The reasonable  
 2-56 expenses of administering and managing the fund and its assets  
 2-57 shall be paid from the fund.

2-58 Sec. 483.0055. EXCLUSION OF INVESTED AMOUNTS FROM  
 2-59 CALCULATION OF CERTAIN OTHER FUND BALANCES. The amount of money  
 2-60 invested under this chapter is not included in the balance of the  
 2-61 economic stabilization fund for purposes of Section 404.0241(b).

2-62 Sec. 483.0056. THIRD-PARTY CONTRACTS. (a) The trust  
 2-63 company may enter into a contract with one or more qualified third  
 2-64 parties for the administration, management, and custody of the  
 2-65 assets of the fund and any other responsibilities authorized under  
 2-66 this chapter. A contract described by this subsection must require  
 2-67 the third party to act in a fiduciary capacity with respect to the  
 2-68 assets of the fund.

2-69 (b) The trust company shall contract with a certified public

3-1 accountant to perform an annual independent audit of the fund and to  
3-2 evaluate and report on compliance with Section 483.0105.  
3-3 (c) The trust company may contract with a licensed attorney  
3-4 to review contracts and other legal documents.  
3-5 SUBCHAPTER C. TEXAS FUTURE FUND INVESTMENT REVIEW BOARD  
3-6 Sec. 483.0101. CREATION OF BOARD; COMPTROLLER SUPPORT. (a)  
3-7 The Texas future fund investment review board is established to  
3-8 serve as the governing body of the fund.  
3-9 (b) The comptroller shall provide administrative support  
3-10 and resources to the board as necessary for the board to perform its  
3-11 duties under this chapter.  
3-12 Sec. 483.0102. BOARD COMPOSITION. (a) The board is  
3-13 composed of the following nine members:  
3-14 (1) three members appointed by the comptroller;  
3-15 (2) two members appointed by the governor;  
3-16 (3) two members appointed by the lieutenant governor;  
3-17 and  
3-18 (4) two members appointed by the governor from a list  
3-19 of candidates for appointment provided by the speaker of the house  
3-20 of representatives.  
3-21 (b) In making appointments to the board:  
3-22 (1) under Subsections (a)(1)-(3), the comptroller,  
3-23 governor, and lieutenant governor must each appoint:  
3-24 (A) one member with experience in private equity,  
3-25 venture capital, or a similar field; and  
3-26 (B) one member with experience in frontier  
3-27 technology infrastructure, an industry sector that is critical to  
3-28 national defense, or another innovative technology;  
3-29 (2) under Subsection (a)(4), the governor must  
3-30 appoint:  
3-31 (A) one candidate for appointment with  
3-32 experience in private equity, venture capital, or a similar field;  
3-33 and  
3-34 (B) one candidate for appointment with  
3-35 experience in frontier technology infrastructure, an industry  
3-36 sector that is critical to national defense, or another innovative  
3-37 technology; and  
3-38 (3) the comptroller must appoint at least one member  
3-39 with experience managing, directing, overseeing, or investing  
3-40 public funds or public pension assets.  
3-41 (c) The governor may reject one or more of the candidates on  
3-42 a list submitted by the speaker of the house of representatives  
3-43 under Subsection (a)(4) and request a list of additional candidates  
3-44 for appointment.  
3-45 (d) The comptroller shall designate one member appointed  
3-46 under Subsection (a)(1) as the presiding officer of the board.  
3-47 Sec. 483.0103. BOARD MEMBER TERMS; VACANCY. (a) Board  
3-48 members serve staggered six-year terms, with the terms of three  
3-49 members expiring on January 31 of each odd-numbered year.  
3-50 (b) Not later than the 30th day after the date a board  
3-51 member's term expires, the appropriate appointing authority shall  
3-52 appoint a replacement as provided by Section 483.0102.  
3-53 (c) A vacancy on the board shall be filled in the same manner  
3-54 and is subject to the same qualifications as the original  
3-55 appointment. A board member appointed to fill a vacancy on the  
3-56 board shall serve the remainder of the unexpired term.  
3-57 Sec. 483.0104. ELIGIBILITY FOR APPOINTMENT TO BOARD. A  
3-58 person is not eligible for appointment to the board if the person or  
3-59 the person's spouse:  
3-60 (1) is employed by, or participates in, the management  
3-61 of a business entity or other organization receiving an investment  
3-62 from the fund; or  
3-63 (2) owns or controls, directly or indirectly, an  
3-64 interest in a business entity or other organization receiving an  
3-65 investment from the fund.  
3-66 Sec. 483.0105. CONFLICTS OF INTEREST. (a) Subject to the  
3-67 comptroller's approval, the board shall adopt a code of ethics,  
3-68 including conflict of interest standards, based on standards of  
3-69 professional conduct and ethics common in the financial industry

4-1 for conduct governing members of the board and the investment  
 4-2 decision-making process. Each member of the board shall affirm in  
 4-3 writing the member's compliance with the code of ethics and the  
 4-4 corresponding conflict of interest standards.

4-5 (b) The conflict of interest standards, at a minimum, must  
 4-6 define conflicts of interest and address appropriate standards for  
 4-7 recusal, required disclosure of conflicts, waivers of conflicts,  
 4-8 and actions required to address undisclosed conflicts.

4-9 Sec. 483.0106. BOARD MEMBER TRAINING. (a) Before a member  
 4-10 of the board may assume the member's duties, the member must  
 4-11 complete a training course provided by the comptroller.

4-12 (b) A training course required under this section must  
 4-13 provide information to the board member regarding:

4-14 (1) the role and functions of the board; and

4-15 (2) the requirements of Chapters 551 and 552.

4-16 Sec. 483.0107. COMPENSATION AND EXPENSES OF BOARD MEMBERS.  
 4-17 Members of the board shall serve without compensation but shall be  
 4-18 reimbursed for their actual expenses incurred in attending meetings  
 4-19 of the board or in performing other work of the board when that work  
 4-20 is approved by the presiding officer of the board.

4-21 Sec. 483.0108. BOARD MEETINGS. (a) The board shall meet at  
 4-22 least twice each year to review the fund's investments.

4-23 (b) The board may conduct a closed meeting in accordance  
 4-24 with Subchapter E, Chapter 551, to discuss issues related to  
 4-25 managing, acquiring, or selling securities.

4-26 Sec. 483.0109. GENERAL POWERS AND DUTIES OF BOARD. (a) The  
 4-27 board shall:

4-28 (1) oversee the investment of the assets of the fund;  
 4-29 and

4-30 (2) provide guidance on the investment strategy to be  
 4-31 used to manage the assets of the fund.

4-32 (b) The board shall develop and require adherence to  
 4-33 procedures for operational and investment due diligence on  
 4-34 investment opportunities that meet the requirements of this  
 4-35 chapter. The procedures must be based upon financial industry best  
 4-36 practices.

4-37 (c) The board shall develop and maintain a list of target  
 4-38 industries and investment opportunities that represent sectors  
 4-39 critical to national defense, frontier technologies with the  
 4-40 greatest potential to drive innovation, and the diversification of  
 4-41 this state's economy.

4-42 (d) The board shall establish an investment policy for the  
 4-43 fund. Subject to the comptroller's approval, the investment  
 4-44 policy, at a minimum, must:

4-45 (1) limit fund investment to no more than 20 percent of  
 4-46 the estimated total value of any single project calculated at the  
 4-47 time of investment;

4-48 (2) limit fund participation to no more than 30  
 4-49 percent of the total value of any single entity calculated at the  
 4-50 time of the investment;

4-51 (3) prioritize investments in entities with a physical  
 4-52 presence in this state;

4-53 (4) prioritize investments in entities expanding  
 4-54 employment opportunities in this state;

4-55 (5) prohibit the use of race, color, ethnicity, sex,  
 4-56 gender identity, or sexual orientation in investment decisions; and

4-57 (6) require compliance with the investment  
 4-58 restrictions contained in Chapters 2270, 2271, 2273, 2274, 2275,  
 4-59 and 2276.

4-60 (e) The board shall establish priorities for the fund's  
 4-61 investment program biennially. The board shall consider those  
 4-62 priorities when making investment decisions under this chapter.

4-63 Sec. 483.0110. INVESTMENT PROCEDURES. (a) Subject to the  
 4-64 comptroller's approval, the board shall develop procedures for  
 4-65 making investments under this chapter.

4-66 (b) For each investment being considered, the trust company  
 4-67 or the trust company's designated investment manager shall:

4-68 (1) present its due diligence findings to the board;

4-69 (2) provide a written investment memorandum

5-1 summarizing the investment opportunity, along with an assessment  
5-2 of the expected investment risk and rate of return and estimated  
5-3 effect on this state's economy; and

5-4 (3) provide a summary of how each investment  
5-5 opportunity being recommended meets the overall objectives of the  
5-6 board's investment policy and related investment requirements.

5-7 Sec. 483.0111. BOARD REPORT. Not later than December 31 of  
5-8 each even-numbered year, the board shall submit a report to the  
5-9 legislature with the following information:

5-10 (1) a summary of the investments made using money in  
5-11 the fund during the preceding state fiscal year, including, for  
5-12 each investment, the name of the entity receiving the investment,  
5-13 the amount of the investment, and a brief description of the  
5-14 activities of the entity receiving the investment; and

5-15 (2) a summary of the estimated effect of the  
5-16 investments made using money in the fund on this state's economy.

5-17 SECTION 2. Section 404.0241, Government Code, is amended by  
5-18 adding Subsection (b-6) to read as follows:

5-19 (b-6) Notwithstanding any other law, the comptroller shall  
5-20 designate \$500 million of the economic stabilization fund balance  
5-21 as the initial balance of a separately managed account in the  
5-22 economic stabilization fund. The account shall be known as the  
5-23 Texas future fund, administered by the comptroller, and managed in  
5-24 accordance with Chapter 483.

5-25 SECTION 3. As soon as practicable after the effective date  
5-26 of this Act but not later than October 1, 2025, the comptroller of  
5-27 public accounts, governor, and lieutenant governor shall appoint  
5-28 the initial members of the Texas future fund investment review  
5-29 board as required by Section 483.0102, Government Code, as added by  
5-30 this Act. The initial members appointed to the board, other than  
5-31 the member designated as the presiding officer of the board, shall  
5-32 draw lots to determine which three members serve a term that expires  
5-33 January 31, 2027, which three members serve a term that expires  
5-34 January 31, 2029, and which two members serve a term that expires  
5-35 January 31, 2031. The member designated as the presiding officer of  
5-36 the board serves a term that expires January 31, 2031.

5-37 SECTION 4. This Act takes effect immediately if it receives  
5-38 a vote of two-thirds of all the members elected to each house, as  
5-39 provided by Section 39, Article III, Texas Constitution. If this  
5-40 Act does not receive the vote necessary for immediate effect, this  
5-41 Act takes effect September 1, 2025.

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