

By: Harris Davila

H.B. No. 346

A BILL TO BE ENTITLED

AN ACT

relating to support for new businesses.

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

SECTION 1. Subchapter B, Chapter 405, Government Code, is amended by adding Section 405.025 to read as follows:

Sec. 405.025. ELIMINATION OF FIRST YEAR BUSINESS ENTITY FEES. The secretary of state shall, in coordination with appropriate state and local governmental entities, work to eliminate all fees relating to licensing and registration required to be paid by a business entity in the entity's first year of business, to the extent authorized by law.

SECTION 2. Subchapter E, Chapter 481, Government Code, is amended by adding Section 481.081 to read as follows:

Sec. 481.081. SUPPORT FOR NEW BUSINESS ORGANIZATIONS. To the extent possible, the office shall encourage the appropriate state entities to allocate at least five percent of funding budgeted for economic development programs, including community development block grants, to support businesses that:

(1) were established within the previous five years;

and

(2) have a principal place of business in this state.

SECTION 3. Subchapter B, Chapter 2155, Government Code, is amended by adding Section 2155.0735 to read as follows:

Sec. 2155.0735. PARTICIPATION BY NEW BUSINESSES IN STATE

1 PURCHASING. (a) In this section, "new business" means a business  
2 in operation for less than five years with its principal place of  
3 business in this state.

4 (b) The comptroller shall make reasonable efforts to  
5 increase the number of contracts for the purchase of goods or  
6 services awarded by state agencies to new businesses to at least  
7 five percent of awarded contracts in a state fiscal year.

8 SECTION 4. Subchapter B, Chapter 2155, Government Code, is  
9 amended by adding Section 2155.092 to read as follows:

10 Sec. 2155.092. REPORTING CONTRACTS WITH NEW BUSINESS. (a)  
11 In this section, "new business" means a business that has been in  
12 operation for less than five years and has its principal place of  
13 business in this state.

14 (b) Not later than September 1 of each year, the comptroller  
15 shall file a report with the legislature that identifies:

16 (1) the number of state contracts awarded to new  
17 businesses during the previous year;

18 (2) the dollar value of all state contracts awarded to  
19 new businesses during the previous year;

20 (3) the number of state contracts awarded to new  
21 businesses that qualify as a historically underutilized business,  
22 as defined by Section 2161.001, during the previous year;

23 (4) the geographic area of the state, including the  
24 city and county, where each new business awarded a state contract in  
25 the previous year is located;

26 (5) the percentage of all state contracts awarded to  
27 new businesses during the previous year; and

1           (6) the percentage of the total dollar value of all  
2 state contracts awarded to new businesses during the previous year.

3           (c) As part of the report required by Subsection (b) that  
4 must be filed before September 1, 2026, the comptroller, in  
5 conjunction with the Texas Economic Development and Tourism Office  
6 within the office of the governor, shall make recommendations to  
7 improve access by new businesses to state contracting, including  
8 new businesses owned by statistically underrepresented demographic  
9 groups and in statistically underrepresented geographic areas of  
10 the state. This subsection expires January 1, 2027.

11           SECTION 5. Subchapter **D**, Chapter **301**, Labor Code, is  
12 amended by adding Section 301.0701 to read as follows:

13           Sec. 301.0701. ANNUAL REPORT ON ECONOMIC DEVELOPMENT. Not  
14 later than September 1 each year, the commission shall submit a  
15 report to the legislature on economic development in this state.  
16 The report must include:

17           (1) the proportion of economic development funding,  
18 including community development block grants, that supports  
19 programs for:

20                   (A) an individual who started a new business  
21 within the preceding five years; or

22                   (B) organizations that provide services to  
23 individuals described by Paragraph (A); and

24           (2) the total amount of economic development funding  
25 provided to programs described by Subdivision (1).

26           SECTION 6. Subchapter **A**, Chapter **302**, Labor Code, is  
27 amended by adding Section 302.0021 to read as follows:

1       Sec. 302.0021. ANNUAL WORKFORCE DEVELOPMENT FUNDING  
2 REPORT. Not later than September 1 of each year, the commission  
3 shall prepare and submit to the legislature a report on workforce  
4 development funding. The report must include information on the  
5 total amount of funding allocated by the division and any local  
6 workforce development boards, and the percentage of all workforce  
7 development funding that total represents, to support  
8 organizations, services, and programs for:

9               (1) individuals starting a new business; and

10               (2) businesses established in the preceding five years  
11 whose primary place of business is in this state.

12       SECTION 7. Subchapter D, Chapter 302, Labor Code, is  
13 amended by adding Section 302.0615 to read as follows:

14       Sec. 302.0615. ALLOCATION OF FUNDS TO SUPPORT NEW  
15 BUSINESSES. Unless superseded by federal law and notwithstanding  
16 any other provision of this subchapter or other law, the commission  
17 shall make reasonable efforts to ensure that at least five percent  
18 of workforce development funds allocated by the commission in a  
19 state fiscal year, including any funds distributed by local  
20 workforce development boards, are used to support programs or  
21 organizations that provide support to:

22               (1) persons establishing a business in this state; or

23               (2) businesses that:

24                       (A) have been in operation for less than five  
25 years; and

26                       (B) have their principal place of business in  
27 this state.

1           SECTION 8. Not later than September 1, 2026, the  
2 comptroller of public accounts shall prepare and submit the first  
3 annual report required by Section 2155.092, Government Code, as  
4 added by this Act.

5           SECTION 9. Not later than September 1, 2026, the Texas  
6 Workforce Commission shall prepare and submit the first annual  
7 report required by Sections 301.0701 and 302.0021, Labor Code, as  
8 added by this Act.

9           SECTION 10. This Act takes effect September 1, 2025.