

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

5-30-2015

Date

Honorable Dan Patrick
President of the Senate

Honorable Joe Straus
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on HB 26 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

Fraser

Senator Fraser

Angie Don Button

Ben Birdwell

Senator Birdwell

Trent Ashby

Wing Estes

Senator Estes

Trent Springer

Pat Nichols

Senator Nichols

Gooding

Wresti

Senator On the part of the Senate *Wresti*

On the part of the House

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

H.B. No. 26

A BILL TO BE ENTITLED

AN ACT

1
2 relating to state economic development measures, including
3 administration of the Texas Enterprise Fund, creation of the
4 Economic Incentive Oversight Board and the governor's university
5 research initiative, abolishment of the Texas emerging technology
6 fund, and renaming the Major Events trust fund to the Major Events
7 Reimbursement Program.

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

9 ARTICLE 1. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE; ABOLISHMENT
10 OF TEXAS EMERGING TECHNOLOGY FUND

11 SECTION 1.01. Chapter 62, Education Code, is amended by
12 adding Subchapter H to read as follows:

13 SUBCHAPTER H. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE

14 Sec. 62.161. DEFINITIONS. In this subchapter:

15 (1) "Distinguished researcher" means a researcher who

16 is:

17 (A) a Nobel laureate; or

18 (B) a member of the National Academy of Sciences,
19 the National Academy of Engineering, or the National Academy of
20 Medicine, formerly known as the Institute of Medicine.

21 (2) "Eligible institution" means a general academic
22 teaching institution or medical and dental unit.

23 (3) "Fund" means the governor's university research
24 initiative fund established under this subchapter.

1 (4) "General academic teaching institution" has the
2 meaning assigned by Section 61.003.

3 (5) "Medical and dental unit" has the meaning assigned
4 by Section 61.003.

5 (6) "Office" means the Texas Economic Development and
6 Tourism Office within the office of the governor.

7 (7) "Private or independent institution of higher
8 education" has the meaning assigned by Section 61.003.

9 Sec. 62.162. ADMINISTRATION OF INITIATIVE. (a) The
10 governor's university research initiative is administered by the
11 Texas Economic Development and Tourism Office within the office of
12 the governor.

13 (b) The office may adopt any rules the office considers
14 necessary to administer this subchapter.

15 Sec. 62.163. MATCHING GRANTS TO RECRUIT DISTINGUISHED
16 RESEARCHERS. (a) From the governor's university research
17 initiative fund, the office shall award matching grants to assist
18 eligible institutions in recruiting distinguished researchers.

19 (b) An eligible institution may apply to the office for a
20 matching grant from the fund. If the office approves a grant
21 application, the office shall award to the applicant institution a
22 grant amount equal to the amount committed by the institution for
23 the recruitment of a distinguished researcher.

24 (c) A grant application must identify the source and amount
25 of the eligible institution's matching funds and must demonstrate
26 that the proposed use of the grant has the support of the
27 institution's president and of the institution's governing board,

1 the chair of the institution's governing board, or the chancellor
2 of the university system, if the institution is a component of a
3 university system. An applicant eligible institution may commit
4 for matching purposes any funds of the institution available for
5 that purpose other than appropriated general revenue.

6 (d) A matching grant may not be used by an eligible
7 institution to recruit a distinguished researcher from:

8 (1) another eligible institution; or

9 (2) a private or independent institution of higher
10 education.

11 Sec. 62.164. GRANT AWARD CRITERIA; PRIORITIES. (a) In
12 awarding grants, the office shall give priority to grant proposals
13 that involve the recruitment of distinguished researchers in the
14 fields of science, technology, engineering, mathematics, and
15 medicine. With respect to proposals involving those fields, the
16 office shall give priority to proposals that demonstrate a
17 reasonable likelihood of contributing substantially to this
18 state's national and global economic competitiveness.

19 (b) A grant proposal should identify a specific
20 distinguished researcher being recruited.

21 Sec. 62.165. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE
22 FUND. (a) The governor's university research initiative fund is a
23 dedicated account in the general revenue fund.

24 (b) The fund consists of:

25 (1) amounts appropriated or otherwise allocated or
26 transferred by law to the fund;

27 (2) money deposited to the fund under Section 62.166

1 of this subchapter or under Section 490.101(b-1), Government Code;
2 and

3 (3) gifts, grants, and other donations received for
4 the fund.

5 (c) The fund may be used by the office only for the purposes
6 of this subchapter, including for necessary expenses incurred in
7 the administration of the fund and this subchapter.

8 Sec. 62.166. WINDING UP OF CONTRACTS AND AWARDS IN
9 CONNECTION WITH TEXAS EMERGING TECHNOLOGY FUND. (a) The
10 governor's university research initiative is the successor to the
11 Texas emerging technology fund. Awards from the Texas emerging
12 technology fund shall be wound up in accordance with this section
13 and Section 490.104, Government Code, and contracts governing
14 awards from that fund shall be wound up in accordance with this
15 section.

16 (b) If a contract governing an award from the Texas emerging
17 technology fund provides for the distribution of royalties,
18 revenue, or other financial benefits to the state, including
19 royalties, revenue, or other financial benefits realized from the
20 commercialization of intellectual or real property developed from
21 an award from the fund, those royalties, revenues, or other
22 financial benefits shall continue to be distributed in accordance
23 with the terms of the contract unless the award recipient and the
24 governor agree otherwise. Unless otherwise required by law,
25 royalties, revenue, or other financial benefits accruing to the
26 state under a contract described by this subsection, including any
27 money returned or repaid to the state by an award recipient, shall

1 be credited to the governor's university research initiative fund.

2 (c) If money awarded from the Texas emerging technology fund
3 is encumbered by a contract executed before September 1, 2015, but
4 has not been distributed before that date, the money shall be
5 distributed from the governor's university research initiative
6 fund in accordance with the terms of the contract, unless the award
7 recipient and the governor agree otherwise.

8 (d) Except for an obligation regarding the distribution of
9 royalties, revenue, or other financial benefits to the state as
10 provided by Subsection (b), if money awarded from the Texas
11 emerging technology fund under a contract executed before September
12 1, 2015, has been fully distributed and the entity that received the
13 award has fully performed all specific actions under the terms of
14 the contract governing the award, the entity is considered to have
15 fully satisfied the entity's obligations under the contract. The
16 entity shall file with the office a final report showing the
17 purposes for which the award money has been spent and, if award
18 money remains unspent, the purposes for which the recipient will
19 spend the remaining money.

20 Sec. 62.167. CONFIDENTIALITY OF INFORMATION CONCERNING
21 AWARDS FROM TEXAS EMERGING TECHNOLOGY FUND. (a) Except as
22 provided by Subsection (b), information collected under former
23 provisions of Chapter 490, Government Code, concerning the
24 identity, background, finance, marketing plans, trade secrets, or
25 other commercially or academically sensitive information of an
26 individual or entity that was considered for or received an award
27 from the Texas emerging technology fund is confidential unless the

1 individual or entity consents to disclosure of the information.

2 (b) The following information collected in connection with
3 the Texas emerging technology fund is public information and may be
4 disclosed under Chapter 552, Government Code:

5 (1) the name and address of an individual or entity
6 that received an award from that fund;

7 (2) the amount of funding received by an award
8 recipient;

9 (3) a brief description of the project funded under
10 former provisions of Chapter 490, Government Code;

11 (4) if applicable, a brief description of the equity
12 position that the governor, on behalf of the state, has taken in an
13 entity that received an award from that fund; and

14 (5) any other information with the consent of:

15 (A) the governor;

16 (B) the lieutenant governor;

17 (C) the speaker of the house of representatives;

18 and

19 (D) the individual or entity that received an
20 award from that fund, if the information relates to that individual
21 or entity.

22 Sec. 62.168. REPORTING REQUIREMENT. (a) Before the
23 beginning of each regular session of the legislature the governor
24 shall submit to the lieutenant governor, the speaker of the house of
25 representatives, and the standing committees of each house of the
26 legislature with primary jurisdiction over economic development
27 and higher education matters and post on the office of the

1 governor's Internet website a report on matching grants made to
2 eligible institutions from the fund that states:

3 (1) the total amount of matching funds granted by the
4 office;

5 (2) the total amount of matching funds granted to each
6 recipient institution;

7 (3) a brief description of each distinguished
8 researcher recruited by each recipient institution, including any
9 amount of external research funding that followed the distinguished
10 researcher to the institution;

11 (4) a brief description of the expenditures made from
12 the matching grant funds for each distinguished researcher; and

13 (5) when available, a brief description of each
14 distinguished researcher's contribution to the state's economic
15 competitiveness, including:

16 (A) any patents issued to the distinguished
17 researcher after accepting employment by the recipient
18 institution; and

19 (B) any external research funding, public or
20 private, obtained by the distinguished researcher after accepting
21 employment by the recipient institution.

22 (a-1) The report may not include information that is made
23 confidential by law.

24 (b) The governor may require an eligible institution that
25 receives a matching grant under this subchapter to submit, on a form
26 the governor provides, information required to complete the report.

27 SECTION 1.02. Subchapter C, Chapter 490, Government Code,

1 is amended by adding Section 490.104 to read as follows:

2 Sec. 490.104. MANAGEMENT OF INVESTMENT PORTFOLIO; WINDING
3 UP AND FINAL LIQUIDATION. (a) In this section, "state's emerging
4 technology investment portfolio" means:

5 (1) the equity positions in the form of stock or other
6 security the governor took, on behalf of the state, in companies
7 that received awards under the Texas emerging technology fund; and

8 (2) any other investments made by the governor, on
9 behalf of the state, and associated assets in connection with an
10 award made under the Texas emerging technology fund.

11 (b) The Texas Treasury Safekeeping Trust Company shall
12 manage and wind up the state's emerging technology investment
13 portfolio. The trust company shall wind up the portfolio in a
14 manner that, to the extent feasible, provides for the maximum
15 return on the state's investment. In managing those investments
16 and associated assets through procedures and subject to
17 restrictions that the trust company considers appropriate, the
18 trust company may acquire, exchange, sell, supervise, manage, or
19 retain any kind of investment or associated assets that a prudent
20 investor, exercising reasonable care, skill, and caution, would
21 acquire or retain in light of the purposes, terms, distribution
22 requirements, and other circumstances then prevailing pertinent to
23 each investment or associated asset. The trust company may recover
24 its reasonable and necessary costs incurred in the management of
25 the portfolio from the earnings on the investments and associated
26 assets in the portfolio.

27 (c) Any realized proceeds or other earnings from the sale of

1 stock or other investments or associated assets in the state's
2 emerging technology investment portfolio, less the amount
3 permitted to be retained for payment of its costs for managing the
4 portfolio as provided by Subsection (b), shall be remitted by the
5 Texas Treasury Safekeeping Trust Company to the comptroller for
6 deposit in the general revenue fund.

7 (d) The Texas Treasury Safekeeping Trust Company has any
8 power necessary to accomplish the purposes of this section.

9 (e) On final liquidation of the state's emerging technology
10 investment portfolio, the Texas Treasury Safekeeping Trust Company
11 shall promptly notify the comptroller of that occurrence. As soon
12 as practicable after receiving that notice, the comptroller shall
13 verify that the final liquidation has been completed and, if the
14 comptroller so verifies, shall certify to the governor that the
15 final liquidation of the portfolio has been completed. The governor
16 shall post notice of the certification on the office of the
17 governor's Internet website.

18 (f) Any balance remaining in the Texas emerging technology
19 fund on final liquidation by the Texas Treasury Safekeeping Trust
20 Company shall be remitted to the comptroller for deposit in the
21 general revenue fund.

22 SECTION 1.03. Section 490.101, Government Code, is amended
23 by adding Subsections (b-1) and (b-2) to read as follows:

24 (b-1) Notwithstanding Subsection (b), benefits realized
25 from a project undertaken with money from the fund, as provided by a
26 contract entered into under former Section 490.103 before September
27 1, 2015, shall be deposited to the credit of the governor's

1 university research initiative fund established under Subchapter
2 H, Chapter 62, Education Code.

3 (b-2) The fund may be used only for the purposes described
4 by Section 490.104.

5 SECTION 1.04. (a) The following laws are repealed:

6 (1) Sections 490.101(c), (d), (e), (f), (f-1), (g),
7 (h), and (i), Government Code;

8 (2) Sections 490.102 and 490.103, Government Code; and

9 (3) Subchapters A, B, D, E, F, and G, Chapter 490,
10 Government Code.

11 (b) The Texas emerging technology fund is continued solely
12 for the purposes of winding up the contracts governing awards from
13 that fund and the state's portfolio of equity positions and other
14 investments and associated assets in connection with awards from
15 that fund in accordance with Section 490.104, Government Code, as
16 added by this Act. The Texas emerging technology fund is abolished
17 and Sections 490.101(a), (b), (b-1), and (b-2), Government Code,
18 are repealed when the comptroller certifies to the governor as
19 provided by Section 490.104, Government Code, as added by this Act,
20 that the final liquidation of the state's portfolio of equity
21 positions and other investments and associated assets by the Texas
22 Treasury Safekeeping Trust Company has been completed. On the
23 effective date of this Act, any unencumbered fund balance in the
24 Texas emerging technology fund may be appropriated in accordance
25 with Subsection (e) of this section.

26 (c) The abolishment by this Act of the Texas emerging
27 technology fund and the repeal of provisions of Chapter 490,

1 Government Code, relating to that fund do not affect the validity of
2 an agreement between the governor and the recipient of an award
3 awarded under Chapter 490, or a person to be awarded money under
4 that chapter, that is executed before September 1, 2015. Those
5 agreements shall be performed as provided by Section 62.166,
6 Education Code, as added by this Act.

7 (d) A regional center of innovation and commercialization
8 established under Section 490.152, Government Code, is abolished on
9 the effective date of this Act. Each center shall transfer to the
10 office of the governor a copy of any meeting minutes required to be
11 retained under Section 490.1521, Government Code, as that section
12 existed immediately before that section's repeal by this Act, and
13 the office shall retain the minutes for the period prescribed by
14 that section.

15 (e) Any unencumbered balance of the Texas emerging
16 technology fund may be appropriated only to one or more of the
17 following:

18 (1) the Texas Research Incentive Program (TRIP) under
19 Subchapter F, Chapter 62, Education Code;

20 (2) the Texas research university fund, subject to
21 Subsection (f) of this section;

22 (3) the governor's university research initiative fund
23 established under Subchapter H, Chapter 62, Education Code, as
24 added by this Act;

25 (4) the Texas Enterprise Fund established under
26 Section 481.078, Government Code; and

27 (5) the comptroller for the purposes of expenses

1 incurred in managing the state's portfolio of equity positions and
2 other investments in connection with awards from the Texas emerging
3 technology fund in accordance with Section 490.104, Government
4 Code, as added by this Act.

5 (f) The authority of the Texas research university fund to
6 receive the appropriation described by Subsection (e) of this
7 section is contingent on passage and enactment of H.B. 1000, or
8 similar legislation relating to state support for general academic
9 teaching institutions in this state by the 84th Legislature,
10 Regular Session, 2015, that renames the existing Texas competitive
11 knowledge fund and changes the purposes for which the fund can be
12 used.

13 (f-1) On the effective date of this Act, the comptroller of
14 public accounts shall transfer the encumbered balance of the Texas
15 emerging technology fund to the credit of the governor's university
16 research initiative fund established under Subchapter H, Chapter
17 62, Education Code, as added by this Act, for the purposes of
18 Section 62.166, Education Code, as added by this Act.

19 (g) Except as provided by this Act, on September 1, 2015,
20 the following powers, duties, functions, and activities performed
21 by the office of the governor immediately before that date are
22 transferred to the Texas Treasury Safekeeping Trust Company:

23 (1) all powers, duties, functions, and activities
24 related to equity positions in the form of stock or other security
25 the governor has taken, on behalf of the state, in companies that
26 received awards under the Texas emerging technology fund before
27 September 1, 2015; and

1 (2) all powers, duties, functions, and activities
2 related to other investments made by the governor, on behalf of the
3 state, and associated assets in connection with an award made under
4 the Texas emerging technology fund before September 1, 2015.

5 (h) Notwithstanding the repeal by this Act of provisions of
6 Chapter 490, Government Code, those provisions of Chapter 490 are
7 continued in effect for the limited purpose of winding up contracts
8 governing awards from the Texas emerging technology fund in
9 accordance with Section 62.166, Education Code, as added by this
10 Act, and of winding up the state's portfolio of equity positions and
11 other investments and associated assets in connection with awards
12 from that fund in accordance with Section 490.104, Government Code,
13 as added by this Act.

14 ARTICLE 2. ECONOMIC INCENTIVE OVERSIGHT BOARD

15 SECTION 2.01. Subtitle F, Title 4, Government Code, is
16 amended by adding Chapter 490G to read as follows:

17 CHAPTER 490G. ECONOMIC INCENTIVE OVERSIGHT BOARD

18 Sec. 490G.001. DEFINITIONS. In this chapter:

19 (1) "Board" means the Economic Incentive Oversight
20 Board.

21 (2) "Monetary incentive" means a grant, loan, or other
22 form of monetary incentive paid from state revenues, including a
23 state trust fund, that a business entity or other person may receive
24 in exchange for or as a result of conducting an activity with an
25 economic development purpose.

26 (2-a) "Rural county" means a county with a population
27 of less than 60,000.

1 (3) "Tax incentive" means any exemption, deduction,
2 credit, exclusion, waiver, rebate, discount, deferral, or other
3 abatement or reduction of state tax liability of a business entity
4 or other person that the person may receive in exchange for or as a
5 result of conducting an activity with an economic development
6 purpose.

7 Sec. 490G.002. ESTABLISHMENT AND COMPOSITION. (a) The
8 Economic Incentive Oversight Board is an advisory body composed of
9 nine members as follows:

10 (1) two public members appointed by the speaker of the
11 house of representatives, one of whom must be from a rural county;

12 (2) two public members appointed by the lieutenant
13 governor, one of whom must be from a rural county;

14 (3) two public members appointed by the comptroller;
15 and

16 (4) three public members appointed by the governor.

17 (b) In appointing members of the board, each appointing
18 officer shall appoint one member who has expertise in the area of
19 economic development.

20 (c) A member of the board serves at the pleasure of the
21 appointing officer.

22 (d) The board members are entitled to reimbursement for
23 actual and necessary expenses incurred by the members in serving on
24 the board as provided by Chapter 660 and the General Appropriations
25 Act.

26 (e) The office of the governor shall provide administrative
27 support and staff to the board.

1 Sec. 490G.003. PRESIDING OFFICER. The governor shall
2 appoint the presiding officer of the board.

3 Sec. 490G.004. MEETINGS. (a) The board shall meet at least
4 annually at the call of the presiding officer.

5 (b) The board may hold a meeting by telephone conference
6 call or videoconference.

7 (c) A board meeting held under Subsection (b) is subject to
8 the requirements of Subchapter F, Chapter 551, Government Code,
9 except that a quorum of the board is not required to be physically
10 present at one location of the meeting.

11 Sec. 490G.005. REVIEW OF CERTAIN STATE INCENTIVE PROGRAMS;
12 PERFORMANCE MATRIX. (a) The board shall examine the effectiveness
13 and efficiency of programs and funds administered by the office of
14 the governor, the comptroller, or the Department of Agriculture
15 that award to business entities and other persons state monetary or
16 tax incentives for which the governor, comptroller, or department
17 has discretion in determining whether or not to award the
18 incentives.

19 (b) The board shall develop a performance matrix that
20 clearly establishes the economic performance indicators, measures,
21 and metrics that will guide the board's evaluations of those
22 programs and funds.

23 Sec. 490G.006. SCHEDULE OF REVIEW; RECOMMENDATION TO
24 LEGISLATIVE AUDIT COMMITTEE. (a) The board shall develop a
25 schedule for the periodic review of each state incentive program or
26 fund described by Section 490G.005 for the purposes of making
27 recommendations on whether to continue the program or fund or

1 whether to improve program or fund effectiveness and efficiency.
2 The board shall review and make recommendations to the legislature
3 regarding each program or fund according to the review schedule.

4 (b) After conducting a review of a state incentive program
5 or fund under this chapter, the board may recommend to the
6 legislative audit committee that an audit of the program or fund be
7 included in the audit plan under Section 321.013.

8 Sec. 490G.007. BIENNIAL REPORT. Not later than January 1 of
9 each odd-numbered year, the board shall submit to the lieutenant
10 governor, the speaker of the house of representatives, and each
11 standing committee of the senate and house of representatives with
12 primary jurisdiction over economic development a report containing
13 findings and recommendations resulting from each review of state
14 incentive programs and funds conducted by the board under this
15 chapter during the preceding two calendar years.

16 Sec. 490G.008. CONFLICTS OF INTEREST. (a) A member of the
17 board who has a substantial interest in a business entity or other
18 person that previously applied for or received a state monetary or
19 tax incentive from a program or fund subject to review by the board
20 shall disclose that interest in writing to the board.

21 (b) A board member who has a business, commercial, or other
22 relationship, other than an interest described by Subsection (a),
23 that could reasonably be expected to diminish the person's
24 independence of judgment in the performance of the person's
25 responsibilities in relation to the board shall disclose the
26 relationship in writing to the board.

27 Sec. 490G.009. CONFIDENTIALITY OF INFORMATION. The

1 provision of information that is confidential by law to the board
2 does not affect the confidentiality of the information.

3 SECTION 2.02. As soon as practicable after the effective
4 date of this Act, the appointing officials shall appoint members to
5 the Economic Incentive Oversight Board established under Chapter
6 490G, Government Code, as added by this article.

7 ARTICLE 3. TEXAS ENTERPRISE FUND

8 SECTION 3.01. Section 481.078(e), Government Code, is
9 amended to read as follows:

10 (e) The administration of the fund is considered to be a
11 trustee program within the office of the governor. The governor
12 may negotiate on behalf of the state regarding awarding, by grant,
13 money appropriated from the fund. The governor may award money
14 appropriated from the fund only with the prior approval of the
15 lieutenant governor and speaker of the house of
16 representatives. For purposes of this subsection, an award of
17 money appropriated from the fund is considered disapproved by the
18 lieutenant governor or speaker of the house of representatives if
19 that officer does not approve the proposal to award the grant before
20 the 31st [~~91st~~] day after the date of receipt of the proposal from
21 the governor. The lieutenant governor or the speaker of the house
22 of representatives may extend the review deadline applicable to
23 that officer for an additional 14 days by submitting a written
24 notice to that effect to the governor before the expiration of the
25 initial review period.

26 ARTICLE 4. RENAMING OF MAJOR EVENTS TRUST FUND

27 SECTION 4.01. The heading to Section 5A, Chapter 1507 (S.B.

1 456), Acts of the 76th Legislature, Regular Session, 1999 (Article
2 5190.14, Vernon's Texas Civil Statutes), is amended to read as
3 follows:

4 Sec. 5A. PAYMENT OF STATE AND MUNICIPAL OR COUNTY
5 OBLIGATIONS UNDER[+] MAJOR EVENTS REIMBURSEMENT PROGRAM [~~TRUST~~
6 ~~FUND~~].

7 SECTION 4.02. Sections 5A(a-1), (d), (d-1), (e), (f), (g),
8 (h), (j), (k), (l), (m), (w), and (y), Chapter 1507 (S.B. 456), Acts
9 of the 76th Legislature, Regular Session, 1999 (Article 5190.14,
10 Vernon's Texas Civil Statutes), are amended to read as follows:

11 (a-1) An event not listed in Subsection (a)(4) of this
12 section is ineligible for funding under this section. A listed
13 event may receive funding through the Major Events Reimbursement
14 Program under this section only if:

15 (1) a site selection organization selects a site
16 located in this state for the event to be held one time or, for an
17 event scheduled to be held each year for a period of years under an
18 event contract, or an event support contract, one time each year for
19 the period of years, after considering, through a highly
20 competitive selection process, one or more sites that are not
21 located in this state;

22 (2) a site selection organization selects a site in
23 this state as:

24 (A) the sole site for the event; or

25 (B) the sole site for the event in a region
26 composed of this state and one or more adjoining states;

27 (3) the event is held not more than one time in any

1 year; and

2 (4) the amount of the incremental increase in tax
3 receipts determined by the comptroller under Subsection (b) of this
4 section equals or exceeds \$1 million, provided that for an event
5 scheduled to be held each year for a period of years under an event
6 contract or event support contract, the incremental increase in tax
7 receipts shall be calculated as if the event did not occur in the
8 prior year.

9 (d) Each endorsing municipality or endorsing county
10 participating in the Major Events Reimbursement Program shall remit
11 to the comptroller and the comptroller shall deposit into a trust
12 fund created by the comptroller and designated as the Major Events
13 reimbursement program [~~trust~~] fund the amount of the municipality's
14 or county's hotel occupancy tax revenue determined under Subsection
15 (b)(4) or (b)(5) of this section, less any amount of the revenue
16 that the municipality or county determines is necessary to meet the
17 obligations of the municipality or county. The comptroller shall
18 retain the amount of sales and use tax revenue and mixed beverage
19 tax revenue determined under Subsection (b)(2) or (b)(3) of this
20 section from the amounts otherwise required to be sent to the
21 municipality under Sections 321.502 and 183.051(b), Tax Code, or to
22 the county under Sections 323.502 and 183.051(b), Tax Code, and
23 deposit into the [~~trust~~] fund the tax revenues, less any amount of
24 the revenue that the municipality or county determines is necessary
25 to meet the obligations of the municipality or county. The
26 comptroller shall begin retaining and depositing the local tax
27 revenues with the first distribution of that tax revenue that

1 occurs after the first day of the one-year period described by
2 Subsection (b) of this section or at a time otherwise determined to
3 be practicable by the comptroller and shall discontinue retaining
4 the local tax revenues under this subsection when the amount of the
5 applicable tax revenue determined under Subsection (b)(2) or (b)(3)
6 of this section has been retained. The Major Events reimbursement
7 program [~~trust~~] fund is established outside the state treasury and
8 is held in trust by the comptroller for administration of this
9 Act. Money in the [~~trust~~] fund may be disbursed by the comptroller
10 without appropriation only as provided by this section.

11 (d-1) Not later than the 90th day after the last day of an
12 event eligible for funding under the Major Events Reimbursement
13 Program and in lieu of the local tax revenues remitted to or
14 retained by the comptroller under Subsection (d) of this section, a
15 municipality or county may remit to the comptroller for deposit in
16 the Major Events reimbursement program [~~trust~~] fund other local
17 funds in an amount equal to the total amount of local tax revenue
18 determined under Subsections (b)(2) through (5) of this
19 section. The amount deposited by the comptroller into the Major
20 Events reimbursement program [~~trust~~] fund under this subsection is
21 subject to Subsection (f) of this section.

22 (e) In addition to the tax revenue deposited in the Major
23 Events reimbursement program [~~trust~~] fund under Subsection (d) of
24 this section, an endorsing municipality or endorsing county may
25 guarantee its obligations under an event support contract and this
26 section by pledging surcharges from user fees, including parking or
27 ticket fees, charged in connection with the event. An endorsing

1 municipality or endorsing county may collect and remit to the
2 comptroller surcharges and user fees attributable to the event for
3 deposit into the Major Events reimbursement program [~~trust~~] fund.

4 (f) The comptroller shall deposit into the Major Events
5 reimbursement program [~~trust~~] fund a portion of the state tax
6 revenue not to exceed the amount determined under Subsection (b)(1)
7 of this section in an amount equal to the prevailing state sales tax
8 rate [~~6.25~~] times the amount of the local revenue retained or
9 remitted under this section, including:

- 10 (1) local sales and use tax revenue;
- 11 (2) mixed beverage tax revenue;
- 12 (3) hotel occupancy tax revenue; and
- 13 (4) surcharge and user fee revenue.

14 (g) To meet its obligations under a game support contract or
15 event support contract to improve, construct, renovate, or acquire
16 facilities or to acquire equipment, an endorsing municipality by
17 ordinance or an endorsing county by order may authorize the
18 issuance of notes. An endorsing municipality or endorsing county
19 may provide that the notes be paid from and secured by amounts on
20 deposit or amounts to be deposited into the Major Events
21 reimbursement program [~~trust~~] fund or surcharges from user fees,
22 including parking or ticket fees, charged in connection with the
23 event. Any note issued must mature not later than seven years from
24 its date of issuance.

25 (h) The funds in the Major Events reimbursement program
26 [~~trust~~] fund may be used to pay the principal of and interest on
27 notes issued by an endorsing municipality or endorsing county under

1 Subsection (g) of this section and to fulfill obligations of the
2 state or an endorsing municipality or endorsing county to a site
3 selection organization under a game support contract or event
4 support contract. Subject to Subsection (k) of this section, the
5 obligations may include the payment of costs relating to the
6 preparations necessary or desirable for the conduct of the event
7 and the payment of costs of conducting the event, including
8 improvements or renovations to existing facilities or other
9 facilities and costs of acquisition or construction of new
10 facilities or other facilities.

11 (j) Not later than the 30th day after the date a request of a
12 local organizing committee, endorsing municipality, or endorsing
13 county is submitted to the comptroller under Subsection (b-1) of
14 this section, the comptroller shall provide an estimate of the
15 total amount of tax revenue that would be deposited in the Major
16 Events reimbursement program [~~trust~~] fund under this section in
17 connection with that event, if the event were to be held in this
18 state at a site selected pursuant to an application by a local
19 organizing committee, endorsing municipality, or endorsing county.
20 A local organizing committee, endorsing municipality, or endorsing
21 county may submit the comptroller's estimate to a site selection
22 organization.

23 (k) The comptroller may make a disbursement from the Major
24 Events reimbursement program [~~trust~~] fund on the prior approval of
25 each contributing endorsing municipality or endorsing county for a
26 purpose for which a local organizing committee, an endorsing
27 municipality, or an endorsing county or the state is obligated

1 under a game support contract or event support contract. If an
2 obligation is incurred under a games support contract or event
3 support contract to make a structural improvement to the site or to
4 add a fixture to the site for purposes of an event and that
5 improvement or fixture is expected to derive most of its value in
6 subsequent uses of the site for future events, a disbursement from
7 the [~~trust~~] fund made for purposes of that obligation is limited to
8 five percent of the cost of the improvement or fixture and the
9 remainder of the obligation is not eligible for a disbursement from
10 the [~~trust~~] fund, unless the improvement or fixture is for a
11 publicly owned facility. In considering whether to make a
12 disbursement from the [~~trust~~] fund, the comptroller may not
13 consider a contingency clause in an event support contract as
14 relieving a local organizing committee's, endorsing
15 municipality's, or endorsing county's obligation to pay a cost
16 under the contract. A disbursement may not be made from the
17 [~~trust~~] fund that the comptroller determines would be used for the
18 purpose of soliciting the relocation of a professional sports
19 franchise located in this state.

20 (l) If a disbursement is made from the Major Events
21 reimbursement program [~~trust~~] fund under Subsection (k), the
22 obligation shall be satisfied proportionately from the state and
23 local revenue in the [~~trust~~] fund.

24 (m) On payment of all state, municipal, or county
25 obligations under a game support contract or event support contract
26 related to the location of any particular event in the state, the
27 comptroller shall remit to each endorsing entity, in proportion to

1 the amount contributed by the entity, any money remaining in the
2 [~~trust~~] fund.

3 (w) Not later than 10 months after the last day of an event
4 eligible for disbursements from the Major Events reimbursement
5 program [~~trust~~] fund for costs associated with the event, the
6 comptroller using existing resources shall complete a study in the
7 market area of the event on the measurable economic impact directly
8 attributable to the preparation for and presentation of the event
9 and related activities. The comptroller shall post on the
10 comptroller's Internet website:

11 (1) the results of the study conducted under this
12 subsection, including any source documentation or other
13 information relied on by the comptroller for the study;

14 (2) the amount of incremental increase in tax receipts
15 for the event determined under Subsection (b) of this section;

16 (3) the site selection organization documentation
17 described in Subsection (p)(3) of this section;

18 (4) any source documentation or information described
19 under Subsection (i) of this section that was relied on by the
20 comptroller in making the determination of the amount of
21 incremental increase in tax receipts under Subsection (b) of this
22 section; and

23 (5) documentation verifying that:

24 (A) a request submitted by a local organizing
25 committee, endorsing municipality, or endorsing county under
26 Subsection (p) of this section is complete and certified as such by
27 the comptroller;

1 (B) the determination on the amount of
2 incremental increases in tax receipts under Subsection (b) of this
3 section considered the information submitted by a local organizing
4 committee, endorsing municipality, or endorsing county as required
5 under Subsection (b-1) of this section; and

6 (C) each deadline established under this section
7 was timely met.

8 (y) After the conclusion of an event, the comptroller shall
9 compare information on the actual attendance figures provided to
10 the comptroller under Subsection (i) of this section with the
11 estimated attendance numbers used to determine the incremental
12 increase in tax receipts under Subsection (b) of this section. If
13 the actual attendance figures are significantly lower than the
14 estimated attendance numbers, the comptroller may reduce the amount
15 of a disbursement for an endorsing entity under the Major Events
16 reimbursement program [~~trust~~] fund in proportion to the discrepancy
17 between the actual and estimated attendance and in proportion to
18 the amount contributed to the fund by the entity. The comptroller
19 by rule shall define "significantly lower" for purposes of this
20 subsection and provide the manner in which a disbursement may be
21 proportionately reduced. This subsection does not affect the
22 remittance of any money remaining in the fund in accordance with
23 Subsection (m) of this section.

24 ARTICLE 5. EFFECTIVE DATE

25 SECTION 5.01. This Act takes effect September 1, 2015.

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ARTICLE 1. TRUSTEED PROGRAMS WITHIN OFFICE OF GOVERNOR

No equivalent provision.

Same as Senate version.

No equivalent provision.

No equivalent provision.

ARTICLE 3. TEXAS ENTERPRISE FUND

SECTION 1.01. Section 481.078, Government Code, is amended by amending Subsections (c), (d-1), (e), (e-1), (f), and (k) and adding Subsections (e-2), (e-3), (m), and (n) to read as follows:

No equivalent provision.

SECTION 3.01. Section 481.078(e), Government Code, is amended to read as follows:

(c) Except as provided by Subsections (d) and (d-1), the fund may be used only for:

No equivalent provision.

Same as Senate version.

(1) economic development, infrastructure development, community development, job training programs, and business incentives; and

(2) projects for commercialization of property derived from research developed at or through public or private institutions of higher education as provided by Section 481.081.

(d-1) The fund may be used for the Texas homeless housing and services program administered by the Texas Department of Housing and Community Affairs under Section 2306.2585. The governor may transfer appropriations from the fund to the Texas Department of Housing and Community Affairs to fund the Texas homeless housing and services program. Subsections ~~(e-2)~~ [(e-1)], (f), (f-1), (f-2), (g), (h), (h-1), (i), and (j) and Section 481.080 do not apply to a grant awarded for a purpose specified by this subsection.

No equivalent provision.

Same as Senate version.

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(e) The administration of the fund is considered to be a trustee program within the office of the governor. The governor may negotiate on behalf of the state regarding awarding, by grant, money appropriated from the fund.

~~(e-1)~~ The governor may award money appropriated from the fund only with the prior approval of the lieutenant governor and speaker of the house of representatives. For purposes of this subsection, an award of money appropriated from the fund is considered disapproved by the lieutenant governor or speaker of the house of representatives if that officer does not approve the proposal to award the grant before the 31st ~~[91st]~~ day after the date of receipt of the proposal from the governor. The lieutenant governor or the speaker of the house of representatives may extend the review deadline applicable to that officer for an additional 14 days by submitting a written notice to that effect to the governor before the expiration of the initial review period.

~~(e-2)~~ ~~[(e-1)]~~ To be eligible to receive a grant under this section, the entity must:

- (1) be in good standing under the laws of the state in which the entity was formed or organized, as evidenced by a certificate issued by the secretary of state or the state official having custody of the records pertaining to entities or other organizations formed under the laws of that state; and
- (2) owe no delinquent taxes to a taxing unit of this state.

~~(e-3)~~ An entity seeking a grant is ineligible to receive the grant if, during the period beginning on the 90th day before the date on which the entity applies for the grant and ending on the date the grant is to be awarded, the entity:

- (1) offers, confers, or agrees to confer a benefit, as defined by

SENATE VERSION (CS)

No equivalent provision.

No equivalent provision.

No equivalent provision.

CONFERENCE

(e) Substantially the same as (e) and (e-1) in the House version.

Same as Senate version.

Same as Senate version.

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Section 36.01, Penal Code, with a value that exceeds \$500 in a calendar year on an officer or employee with the authority to award the grant; or

(2) makes political contributions, as defined by Section 251.001, Election Code, that in the aggregate exceed \$500 in a calendar year to an officer or employee with the authority to award the grant.

(f) Before awarding a grant from the fund [~~under this section~~], the governor shall enter into a written agreement with the entity to be awarded the grant money. If the entity is awarded a grant for a purpose described by Subsection (c)(1), the agreement must specify [~~specifying~~] that:

(1) if the governor finds that the grant recipient has not met each of the performance targets specified in the agreement as of a date certain provided in the agreement:

(A) the recipient shall repay the grant and any related interest to the state at the agreed rate and on the agreed terms;

(B) the governor will not distribute to the recipient any grant money that remains to be awarded under the agreement; and

(C) the governor may assess specified penalties for noncompliance against the recipient;

(2) if all or any portion of the amount of the grant is used to build a capital improvement, the state may:

(A) retain a lien or other interest in the capital improvement in proportion to the percentage of the grant amount used to pay for the capital improvement; and

(B) require the recipient of the grant, if the capital improvement is sold, to:

(i) repay to the state the grant money used to pay for the capital improvement, with interest at the rate and according to the other terms provided by the agreement; and

No equivalent provision.

Same as Senate version.

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(ii) share with the state a proportionate amount of any profit realized from the sale; and

(3) if, as of a date certain provided in the agreement, the grant recipient has not used grant money awarded under this section for the purposes for which the grant was intended, the recipient shall repay that amount and any related interest to the state at the agreed rate and on the agreed terms.

(k) To encourage the development and location of small businesses in this state, the governor shall make [~~consider making~~] grants from the fund:

(1) to recipients that are small businesses in this state that commit to using the grants to create additional jobs;

(2) to recipients that are small businesses from outside the state that commit to relocate to this state; or

(3) for individual projects that create 100 or fewer additional jobs.

(m) The office of the governor shall adopt rules for the operation of the trustee program established under this section. The rules must include:

(1) forms and procedures for applications for and the award of grants;

(2) procedures for evaluating grant applications;

(3) provisions governing the grant agreement process;

(4) methods and procedures for monitoring grant recipients and projects or activities for which a grant is awarded from the fund to determine whether and to what extent the grant recipients comply with job creation performance targets, capital investment commitments, or other specified performance targets in the grant agreement, including requirements that grant recipients provide to the office

No equivalent provision.

Same as Senate version.

No equivalent provision.

Same as Senate version.

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periodic compliance updates;

(5) document retention requirements for grant recipients that are consistent with applicable state law; and

(6) conflict of interest provisions to ensure that persons involved in the operation of the program, including persons involved in evaluating applications for or awarding grants from the fund or in monitoring grant recipients or determining compliance with the terms of grant agreements, do not have a substantial interest in any grant recipient or grant awarded from the fund.

(n) A grant recipient that, during the period beginning on the date the grant is awarded and ending on the 180th day after the date the grant is awarded, takes an action described by Subsection (e-3)(1) or (2) shall repay the grant to the state.

SECTION 1.02. Section 481.079, Government Code, is amended.

SECTION 1.03. Subchapter E, Chapter 481, Government Code, is amended.

(See ARTICLE 5 below.)

No equivalent provision.

No equivalent provision.

No equivalent provision.

ARTICLE 1. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE; ABOLISHMENT OF TEXAS EMERGING TECHNOLOGY FUND

Same as Senate version.

Same as Senate version.

Same as Senate version.

ARTICLE 1. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE; ABOLISHMENT OF TEXAS EMERGING TECHNOLOGY FUND

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(See SECTION 5.01 below.)

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SECTION 1.01. Chapter 62, Education Code, is amended by adding Subchapter H to read as follows:

SUBCHAPTER H. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE

Sec. 62.161. DEFINITIONS. In this subchapter:

- (1) "Distinguished researcher" means a researcher who is:
 - (A) a Nobel laureate; or
 - (B) a member of the National Academy of Sciences, the National Academy of Engineering, or the Institute of Medicine.
- (2) "Eligible institution" means a general academic teaching institution or medical and dental unit.
- (3) "Fund" means the governor's university research initiative fund established under this subchapter.
- (4) "General academic teaching institution" has the meaning assigned by Section 61.003.
- (5) "Medical and dental unit" has the meaning assigned by Section 61.003.
- (6) "Office" means the Texas Economic Development and Tourism Office within the office of the governor.
- (7) "Private or independent institution of higher education" has the meaning assigned by Section 61.003.

Sec. 62.162. ADMINISTRATION OF INITIATIVE. (a) The governor's university research initiative is administered by the Texas Economic Development and Tourism Office within the office of the governor.

(b) The office may adopt any rules the office considers necessary to administer this subchapter.

Sec. 62.163. MATCHING GRANTS TO RECRUIT DISTINGUISHED RESEARCHERS. (a) From the

CONFERENCE

SECTION 1.01. Chapter 62, Education Code, is amended by adding Subchapter H to read as follows:

SUBCHAPTER H. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE

Sec. 62.161. DEFINITIONS. In this subchapter:

- (1) "Distinguished researcher" means a researcher who is:
 - (A) a Nobel laureate; or
 - (B) a member of the National Academy of Sciences, the National Academy of Engineering, or the *National Academy of Medicine, formerly known as the* Institute of Medicine.
- (2) "Eligible institution" means a general academic teaching institution or medical and dental unit.
- (3) "Fund" means the governor's university research initiative fund established under this subchapter.
- (4) "General academic teaching institution" has the meaning assigned by Section 61.003.
- (5) "Medical and dental unit" has the meaning assigned by Section 61.003.
- (6) "Office" means the Texas Economic Development and Tourism Office within the office of the governor.
- (7) "Private or independent institution of higher education" has the meaning assigned by Section 61.003.

Sec. 62.162. Same as Senate version.

Sec. 62.163. Same as Senate version.

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governor's university research initiative fund, the office shall award matching grants to assist eligible institutions in recruiting distinguished researchers.

(b) An eligible institution may apply to the office for a matching grant from the fund. If the office approves a grant application, the office shall award to the applicant institution a grant amount equal to the amount committed by the institution for the recruitment of a distinguished researcher.

(c) A grant application must identify the source and amount of the eligible institution's matching funds and must demonstrate that the proposed use of the grant has the support of the institution's president and of the institution's governing board, the chair of the institution's governing board, or the chancellor of the university system, if the institution is a component of a university system. An applicant eligible institution may commit for matching purposes any funds of the institution available for that purpose other than appropriated general revenue.

(d) A matching grant may not be used by an eligible institution to recruit a distinguished researcher from:

- (1) another eligible institution; or
- (2) a private or independent institution of higher education.

Sec. 62.164. GRANT AWARD CRITERIA; PRIORITIES.

(a) In awarding grants, the office shall give priority to grant proposals that involve the recruitment of distinguished researchers in the fields of science, technology, engineering, mathematics, and medicine. With respect to proposals involving those fields, the office shall give priority to proposals that demonstrate a reasonable likelihood of contributing substantially to this state's national and global economic competitiveness.

Sec. 62.164. Same as Senate version.

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(b) A grant proposal should identify a specific distinguished researcher being recruited.

Sec. 62.165. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE FUND. (a) The governor's university research initiative fund is a dedicated account in the general revenue fund.

(b) The fund consists of:

(1) amounts appropriated or otherwise allocated or transferred by law to the fund;

(2) money deposited to the fund under Section 62.166 of this subchapter or under Section 490.101(b-1) or 490.104, Government Code; and

(3) gifts, grants, and other donations received for the fund.

(c) The fund may be used by the office only for the purposes of this subchapter, including for necessary expenses incurred in the administration of the fund and this subchapter.

Sec. 62.166. WINDING UP OF CONTRACTS AND AWARDS IN CONNECTION WITH TEXAS EMERGING TECHNOLOGY FUND. (a) The governor's university research initiative is the successor to the Texas emerging technology fund. Awards from the Texas emerging technology fund shall be wound up in accordance with this section and Section 490.104, Government Code, and contracts governing awards from that fund shall be wound up in accordance with this section.

(b) If a contract governing an award from the Texas emerging technology fund provides for the distribution of royalties, revenue, or other financial benefits to the state, including royalties, revenue, or other financial benefits realized from the commercialization of intellectual or real property developed

Sec. 62.165. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE FUND. (a) The governor's university research initiative fund is a dedicated account in the general revenue fund.

(b) The fund consists of:

(1) amounts appropriated or otherwise allocated or transferred by law to the fund;

(2) money deposited to the fund under Section 62.166 of this subchapter or under Section 490.101(b-1), Government Code; and

(3) gifts, grants, and other donations received for the fund.

(c) The fund may be used by the office only for the purposes of this subchapter, including for necessary expenses incurred in the administration of the fund and this subchapter.

Sec. 62.166. Same as Senate version.

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from an award from the fund, those royalties, revenues, or other financial benefits shall continue to be distributed in accordance with the terms of the contract unless the award recipient and the governor agree otherwise. Unless otherwise required by law, royalties, revenue, or other financial benefits accruing to the state under a contract described by this subsection, including any money returned or repaid to the state by an award recipient, shall be credited to the governor's university research initiative fund.

(c) If money awarded from the Texas emerging technology fund is encumbered by a contract executed before September 1, 2015, but has not been distributed before that date, the money shall be distributed from the governor's university research initiative fund in accordance with the terms of the contract, unless the award recipient and the governor agree otherwise.

(d) Except for an obligation regarding the distribution of royalties, revenue, or other financial benefits to the state as provided by Subsection (b), if money awarded from the Texas emerging technology fund under a contract executed before September 1, 2015, has been fully distributed and the entity that received the award has fully performed all specific actions under the terms of the contract governing the award, the entity is considered to have fully satisfied the entity's obligations under the contract. The entity shall file with the office a final report showing the purposes for which the award money has been spent and, if award money remains unspent, the purposes for which the recipient will spend the remaining money.

Sec. 62.167. CONFIDENTIALITY OF INFORMATION CONCERNING AWARDS FROM TEXAS EMERGING

Sec. 62.167. Same as Senate version.

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TECHNOLOGY FUND. (a) Except as provided by Subsection (b), information collected under former provisions of Chapter 490, Government Code, concerning the identity, background, finance, marketing plans, trade secrets, or other commercially or academically sensitive information of an individual or entity that was considered for or received an award from the Texas emerging technology fund is confidential unless the individual or entity consents to disclosure of the information.

(b) The following information collected in connection with the Texas emerging technology fund is public information and may be disclosed under Chapter 552, Government Code:

- (1) the name and address of an individual or entity that received an award from that fund;
- (2) the amount of funding received by an award recipient;
- (3) a brief description of the project funded under former provisions of Chapter 490, Government Code;
- (4) if applicable, a brief description of the equity position that the governor, on behalf of the state, has taken in an entity that received an award from that fund; and
- (5) any other information with the consent of:
 - (A) the governor;
 - (B) the lieutenant governor;
 - (C) the speaker of the house of representatives; and
 - (D) the individual or entity that received an award from that fund, if the information relates to that individual or entity.

Sec. 62.168. REPORTING REQUIREMENT. (a) Before the beginning of each regular session of the legislature the governor shall submit to the lieutenant governor, the speaker of the house of representatives, and the standing committees of each house of the legislature with primary jurisdiction over

Sec. 62.168. Same as Senate version.

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economic development and higher education matters and post on the office of the governor's Internet website a report on matching grants made to eligible institutions from the fund that states:

- (1) the total amount of matching funds granted by the office;
- (2) the total amount of matching funds granted to each recipient institution;
- (3) a brief description of each distinguished researcher recruited by each recipient institution, including any amount of external research funding that followed the distinguished researcher to the institution;
- (4) a brief description of the expenditures made from the matching grant funds for each distinguished researcher; and
- (5) when available, a brief description of each distinguished researcher's contribution to the state's economic competitiveness, including:
 - (A) any patents issued to the distinguished researcher after accepting employment by the recipient institution; and
 - (B) any external research funding, public or private, obtained by the distinguished researcher after accepting employment by the recipient institution.
- (a-1) The report may not include information that is made confidential by law.
- (b) The governor may require an eligible institution that receives a matching grant under this subchapter to submit, on a form the governor provides, information required to complete the report.

SECTION 1.04. Subchapter C, Chapter 490, Government Code, is amended by adding Section 490.104 to read as follows:

SECTION 1.02. Subchapter C, Chapter 490, Government Code, is amended by adding Section 490.104 to read as follows:

SECTION 1.02. Subchapter C, Chapter 490, Government Code, is amended by adding Section 490.104 to read as follows:

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Sec. 490.104. MANAGEMENT OF INVESTMENT PORTFOLIO; WINDING UP AND FINAL LIQUIDATION.

(a) In this section, "state's emerging technology investment portfolio" means:

(1) the equity positions in the form of stock or other security the governor took, on behalf of the state, in companies that received awards under the Texas emerging technology fund; and

(2) any other investments made by the governor, on behalf of the state, in connection with an award made under the Texas emerging technology fund.

(b) The Texas Treasury Safekeeping Trust Company shall manage and wind up the state's emerging technology investment portfolio. The trust company shall wind up the portfolio in a manner that, to the extent feasible, provides for the maximum return on the state's investment *while also ensuring the return of the state's investment*. In managing those investments through procedures and subject to restrictions that the trust company considers appropriate, the trust company may acquire, exchange, sell, supervise, manage, or retain any kind of investment 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. The trust company 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 earnings on the investments in the portfolio.

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Sec. 490.104. MANAGEMENT OF INVESTMENT PORTFOLIO; WINDING UP AND FINAL LIQUIDATION.

(a) In this section, "state's emerging technology investment portfolio" means:

(1) the equity positions in the form of stock or other security the governor took, on behalf of the state, in companies that received awards under the Texas emerging technology fund; and

(2) any other investments made by the governor, on behalf of the state, *and associated assets* in connection with an award made under the Texas emerging technology fund.

(b) The Texas Treasury Safekeeping Trust Company shall manage and wind up the state's emerging technology investment portfolio. The trust company shall wind up the portfolio 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 trust company considers appropriate, the trust company 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 trust company may recover its reasonable and necessary costs incurred in the management of the portfolio from the earnings on the investments *and associated assets* in the portfolio.

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Sec. 490.104. MANAGEMENT OF INVESTMENT PORTFOLIO; WINDING UP AND FINAL LIQUIDATION.

(a) Same as Senate version.

(b) Same as Senate version.

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(c) Any realized proceeds or other earnings from the sale of stock or other investments in the state's emerging technology investment portfolio, less the amount permitted to be retained for payment of its costs for managing the portfolio as provided by Subsection (b), shall be remitted by the Texas Treasury Safekeeping Trust Company to the comptroller for deposit in the *general revenue fund*.

(d) The Texas Treasury Safekeeping Trust Company has any power necessary to accomplish the purposes of this section.

(e) On final liquidation of the state's emerging technology investment portfolio, the Texas Treasury Safekeeping Trust Company shall promptly notify the comptroller of that occurrence. As soon as practicable after receiving that notice, the comptroller shall verify that the final liquidation has been completed and, if the comptroller so verifies, shall certify to the governor that the final liquidation of the portfolio has been completed. The governor shall post notice of the certification on the office of the governor's Internet website.

No equivalent provision.

SECTION 1.05. Effective September 1, 2016, Subchapter C,

SENATE VERSION (CS)

(c) Any realized proceeds or other earnings from the sale of stock or other investments *or associated assets* in the state's emerging technology investment portfolio, less the amount permitted to be retained for payment of its costs for managing the portfolio as provided by Subsection (b), shall be remitted by the Texas Treasury Safekeeping Trust Company to the comptroller for deposit in the *governor's university initiative trust fund established under Subchapter H, Chapter 62, Education Code*.

(d) Same as House version.

(e) Same as House version.

(f) Any balance remaining in the Texas emerging technology fund on final liquidation by the Texas Treasury Safekeeping Trust Company shall be remitted to the comptroller for *transfer to the credit of the governor's university research initiative fund established under Subchapter H, Chapter 62, Education Code*.

No equivalent provision.

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(c) Any realized proceeds or other earnings from the sale of stock or other investments *or associated assets* in the state's emerging technology investment portfolio, less the amount permitted to be retained for payment of its costs for managing the portfolio as provided by Subsection (b), shall be remitted by the Texas Treasury Safekeeping Trust Company to the comptroller for deposit in the *general revenue fund*.

(d) Same as House version.

(e) Same as House version.

(f) Any balance remaining in the Texas emerging technology fund on final liquidation by the Texas Treasury Safekeeping Trust Company shall be remitted to the comptroller for *deposit in the general revenue fund*.

Same as Senate version.

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Chapter 490, Government Code, is amended by adding Section 490.105.		
SECTION 1.06. The heading to Chapter 490, Government Code, is amended.	<i>No equivalent provision.</i>	Same as Senate version.
SECTION 1.07. Section 490.001(4), Government Code, is amended.	<i>No equivalent provision.</i>	Same as Senate version.
SECTION 1.08. The heading to Section 490.005, Government Code, is amended.	<i>No equivalent provision.</i>	Same as Senate version.
SECTION 1.09. Section 490.005, Government Code, is amended.	<i>No equivalent provision.</i>	Same as Senate version.
SECTION 1.10. Effective September 1, 2016, Subchapter A, Chapter 490, Government Code, is amended.	<i>No equivalent provision.</i>	Same as Senate version.
SECTION 1.11. Section 490.006, Government Code, is amended.	<i>No equivalent provision.</i>	Same as Senate version.
SECTION 1.12. The heading to Subchapter B, Chapter 490, Government Code, is amended.	<i>No equivalent provision.</i>	Same as Senate version.

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SECTION 1.13. Section 490.057, Government Code, is amended.

No equivalent provision.

Same as Senate version.

SECTION 1.14. Section 490.101, Government Code, is amended by adding Subsection (b-1) to read as follows:

SECTION 1.03. Section 490.101, Government Code, is amended by adding Subsections (b-1) and (b-2) to read as follows:

SECTION 1.03. Same as Senate version.

(b-1) Notwithstanding Subsection (b), benefits realized from a project undertaken with money from the fund, as provided by a contract entered into under former Section 490.103 before September 1, 2015, shall be deposited to the credit of the governor's university research initiative fund established under Subchapter H, Chapter 62, Education Code.

(b-1) The fund may be used only for the purposes described by Section 490.104.

(b-2) The fund may be used only for the purposes described by Section 490.104.

SECTION 1.15. The following laws are repealed:

- (1) Sections 490.001(1), (3), and (5), Government Code;
- (2) Sections 490.002 and 490.003, Government Code;
- (3) Sections 490.051, 490.052, 490.0521, 490.053, 490.054, 490.055, and 490.056, Government Code;
- (4) Sections 490.101(c), (d), (e), (f), (f-1), (g), (h), and (i), Government Code;
- (5) Section 490.102, Government Code; and
- (6) Subchapters D, E, F, and G, Chapter 490, Government Code.

SECTION 1.04. (a) The following laws are repealed:

- (1) Sections 490.101(c), (d), (e), (f), (f-1), (g), (h), and (i), Government Code;
- (2) Sections 490.102 and 490.103, Government Code; and
- (3) Subchapters A, B, D, E, F, and G, Chapter 490, Government Code.

SECTION 1.04 (a) Same as Senate version.

SECTION 1.16. (a) The Texas emerging technology fund is continued solely for the purposes of winding up the contracts governing awards from that fund and the state's portfolio of

SECTION 1.04 (b) The Texas emerging technology fund is continued solely for the purposes of winding up the contracts governing awards from that fund and the state's portfolio of

SECTION 1.04 (b) The Texas emerging technology fund is continued solely for the purposes of winding up the contracts governing awards from that fund and the state's portfolio of

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equity positions and other investments in connection with awards from that fund in accordance with Section 490.104, Government Code, as added by this Act. The Texas emerging technology fund is abolished and Sections 490.101(a), (b), and (b-1), Government Code, are repealed when the comptroller certifies to the governor as provided by Section 490.104, Government Code, as added by this Act, that the final liquidation of the state's portfolio of equity positions and other investments by the Texas Treasury Safekeeping Trust Company has been completed. *Any unencumbered fund balance remaining when the Texas emerging technology fund is abolished may be appropriated in accordance with Subsection (a-1) of this section.*

SECTION 1.16 (a-1) Any unencumbered balance of the Texas emerging technology fund may be appropriated only to one or more of the following:

- (1) the Texas Research Incentive Program (TRIP) under Subchapter F, Chapter 62, Education Code;
- (2) the Texas research university fund, subject to Subsection (b) of this section;
- (3) the governor's university research initiative fund established under Subchapter H, Chapter 62, Education Code, as added by this Act;
- (4) the Texas Enterprise Fund established under Section 481.078, Government Code; and
- (5) the comptroller for the purposes of expenses incurred in managing the state's portfolio of equity positions and other investments in connection with awards from the Texas emerging technology fund in accordance with Section

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equity positions and other investments *and associated assets* in connection with awards from that fund in accordance with Section 490.104, Government Code, as added by this Act. The Texas emerging technology fund is abolished and Sections 490.101(a), (b), (b-1), and *(b-2)*, Government Code, are repealed when the comptroller certifies to the governor as provided by Section 490.104, Government Code, as added by this Act, that the final liquidation of the state's portfolio of equity positions and other investments *and associated assets* by the Texas Treasury Safekeeping Trust Company has been completed.

No equivalent provision. (But see SECTION 1.04 (e) and (f) below.)

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equity positions and other investments *and associated assets* in connection with awards from that fund in accordance with Section 490.104, Government Code, as added by this Act. The Texas emerging technology fund is abolished and Sections 490.101(a), (b), (b-1), and *(b-2)*, Government Code, are repealed when the comptroller certifies to the governor as provided by Section 490.104, Government Code, as added by this Act, that the final liquidation of the state's portfolio of equity positions and other investments *and associated assets* by the Texas Treasury Safekeeping Trust Company has been completed. *On the effective date of this Act, any unencumbered fund balance in the Texas emerging technology fund may be appropriated in accordance with Subsection (e) of this section.*

SECTION 1.04 (e) Substantially the same as House version.

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490.104, Government Code, as added by this article.

SECTION 1.16 (b) The authority of the Texas research university fund to receive the appropriation described by Subsection (a-1) of this section is contingent on passage and enactment of H.B. 1000, or similar legislation relating to state support for general academic teaching institutions in this state by the 84th Legislature, Regular Session, 2015, that renames the existing Texas competitive knowledge fund and changes the purposes for which the fund can be used.

SECTION 1.16 (c) The abolishment by *this article* of the Texas emerging technology fund and the repeal of provisions of Chapter 490, Government Code, relating to that fund do not affect the validity of an agreement between the governor and *an award recipient or a person to be awarded money that is entered into under Chapter 490* before September 1, 2015.

(See SECTION 1.17 below.)

No equivalent provision. (But see SECTION 1.16 (a-1))

Associated CCR Draft: 84R33434

No equivalent provision.

SECTION 1.04 (c) The abolishment by *this Act* of the Texas emerging technology fund and the repeal of provisions of Chapter 490, Government Code, relating to that fund do not affect the validity of an agreement between the governor and *the recipient of an award awarded under Chapter 490, or a person to be awarded money under that chapter, that is executed* before September 1, 2015. *Those agreements shall be performed as provided by Section 62.166, Education Code, as added by this Act.*

SECTION 1.04 (d) A regional center of innovation and commercialization established under Section 490.152, Government Code, is abolished on the effective date of this Act. Each center shall transfer to the office of the governor a copy of any meeting minutes required to be retained under Section 490.1521, Government Code, as that section existed immediately before that section's repeal by this Act, and the office shall retain the minutes for the period prescribed by that section.

SECTION 1.04 (e) On the effective date of this Act, the

SECTION 1.04 (f) Substantially the same as House version.

SECTION 1.04 (c) Same as Senate version.

SECTION 1.04 (d) Same as Senate version.

Same as House version.

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above.)

comptroller of public accounts shall transfer the unexpended balance of the Texas emerging technology fund, less an amount equal to 10 percent of the net cash balance of that fund on August 31, 2014, as follows:

(1) 50 percent of the transferred amount to the credit of the Texas Enterprise Fund under Section 481.078, Government Code; and

(2) 50 percent of the transferred amount to the credit of the governor's university research initiative fund established under Subchapter H, Chapter 62, Education Code, as added by this Act.

No equivalent provision. (But see SECTION 1.16 (a-1) above.)

SECTION 1.04 (f) After the comptroller makes the transfers required by Subsection (e) of this section, the remaining amount of the unexpended balance of the Texas emerging technology fund may be used only by the Texas Treasury Safekeeping Trust Company for the purposes of meeting the state's fiduciary obligations in winding up the state's portfolio of equity positions and other investments and associated assets in connection with awards from the Texas emerging technology fund in accordance with Section 490.104, Government Code, as added by this Act.

Same as House version.

SECTION 1.16 (d) Money that was deposited in the Texas emerging technology fund as a gift, grant, or donation under Chapter 490, Government Code, and that is encumbered by the specific terms of the gift, grant, or donation may be spent only in accordance with the terms of the gift, grant, or donation.

No equivalent provision.

Same as Senate version.

SECTION 1.16 (e) Money from the Texas emerging

No equivalent provision.

Same as Senate version.

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technology fund that is encumbered because the money is awarded or otherwise obligated by agreement before September 1, 2015, but under the terms of the award or agreement will not be distributed until a later date shall be distributed in accordance with the terms of the award or agreement. If the governor determines that the money will not be distributed in accordance with the terms of the award or agreement, the governor shall certify that fact to the comptroller. On that certification, the comptroller shall make that money available in the general revenue fund to be used in accordance with legislative appropriation.

SECTION 1.16 (f) On or after the effective date of this Act, the following payments or other amounts shall be sent to the comptroller for deposit to the Texas emerging technology fund to be used solely for the purposes of winding down the state's portfolio of equity positions and other investments as provided by Sections 490.101(b-1) and 490.104, Government Code, as added by this Act:

- (1) any royalties, revenues, and other financial benefits realized from a project undertaken with money from the Texas emerging technology fund, as provided by a contract described by Section 490.103, Government Code;
- (2) any interest or proceeds received as a result of a transaction authorized by former Section 490.101(h), Government Code;
- (3) any money returned or repaid to the state by an award recipient pursuant to an agreement entered into under former Section 490.101(g), Government Code;
- (4) any money derived from an interest the state retained in a capital improvement pursuant to an agreement entered into under former Section 490.101(g), Government Code; and

No equivalent provision.

Same as Senate version.

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(5) any fund money returned by an entity that fails to perform an action guaranteed by a contract entered into under former Section 490.154 or 490.203, Government Code.

No equivalent provision.

(See SECTION 1.19 below.)

No equivalent provision.

SECTION 1.04 (f-1) On the effective date of this Act, the comptroller of public accounts shall transfer the encumbered balance of the Texas emerging technology fund to the credit of the governor's university research initiative fund established under Subchapter H, Chapter 62, Education Code, as added by this Act, for the purposes of Section 62.166, Education Code, as added by this Act.

SECTION 1.04 (g) Except as provided by this Act, on September 1, 2015, the following powers, duties, functions, and activities performed by the office of the governor immediately before that date are transferred to the Texas Treasury Safekeeping Trust Company:

(1) all powers, duties, functions, and activities related to equity positions in the form of stock or other security the governor has taken, on behalf of the state, in companies that received awards under the Texas emerging technology fund before September 1, 2015; and

(2) all powers, duties, functions, and activities related to other investments made by the governor, on behalf of the state, and associated assets in connection with an award made under the Texas emerging technology fund before September 1, 2015.

SECTION 1.04 (h) Notwithstanding the repeal by this Act of provisions of Chapter 490, Government Code, those provisions of Chapter 490 are continued in effect for the limited purpose of winding up contracts governing awards from the Texas emerging technology fund in accordance with

SECTION 1.04 (f-1) Same as Senate version.

SECTION 1.04 (g) Same as Senate version.

SECTION 1.04 (h) Same as Senate version.

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Section 62.166, Education Code, as added by this Act, and of winding up the state's portfolio of equity positions and other investments and associated assets in connection with awards from that fund in accordance with Section 490.104, Government Code, as added by this Act.

(See SECTION 1.04(d) above.)

(See SECTION 1.04(d) above.)

SECTION 1.17. A regional center of innovation and commercialization established under Section 490.152, Government Code, is abolished on the effective date of this Act. Each center shall transfer to the office of the governor a copy of any meeting minutes required to be retained under Section 490.1521, Government Code, as that section existed immediately before that section's repeal by this article, and the office shall retain the minutes for the period prescribed by that section.

SECTION 1.18. On September 1, 2015, the Texas Emerging Technology Advisory Committee established under Subchapter B, Chapter 490, Government Code, is abolished.

No equivalent provision.

(But Subchapter B, Chapter 490, Government Code, is repealed in SECTION 1.04 (a) above.)

Same as Senate version.

SECTION 1.19. Except as provided by this Act, on September 1, 2015, the following powers, duties, functions, and activities performed by the office of the governor immediately before that date are transferred to the Texas Treasury Safekeeping Trust Company:

(1) all powers, duties, functions, and activities related to equity positions in the form of stock or other security the governor has taken, on behalf of the state, in companies that received awards under the Texas emerging technology fund before September 1, 2015; and

(See SECTION 1.04 (g) above)

(See SECTION 1.04 (g) above)

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(2) all powers, duties, functions, and activities related to other investments made by the governor, on behalf of the state, in connection with an award made under the Texas emerging technology fund before September 1, 2015.

SECTION 1.20. If a conflict exists between this Act and another Act of the 84th Legislature, Regular Session, 2015, that relates to the Texas emerging technology fund, this Act controls without regard to the relative dates of enactment.

No equivalent provision.

Same as Senate version.

ARTICLE 2. ECONOMIC INCENTIVE OVERSIGHT BOARD

No equivalent provision.

ARTICLE 2. ECONOMIC INCENTIVE OVERSIGHT BOARD

SECTION 2.01. Subtitle F, Title 4, Government Code, is amended by adding Chapter 490G to read as follows:

CHAPTER 490G. ECONOMIC INCENTIVE OVERSIGHT BOARD

Sec. 490G.001. DEFINITIONS. In this chapter:

- (1) "Board" means the Economic Incentive Oversight Board.
- (2) "Monetary incentive" means a grant, loan, or other form of monetary incentive paid from state revenues, including a state trust fund, that a business entity or other person may receive in exchange for or as a result of conducting an activity with an economic development purpose.
- (2-a) "Rural county" means a county with a population of less than 60,000.
- (3) "Tax incentive" means any exemption, deduction, credit, exclusion, waiver, rebate, discount, deferral, or other abatement or reduction of state tax liability of a business

No equivalent provision.

SECTION 2.01. Subtitle F, Title 4, Government Code, is amended by adding Chapter 490G to read as follows:

CHAPTER 490G. ECONOMIC INCENTIVE OVERSIGHT BOARD

Sec. 490G.001. DEFINITIONS. In this chapter:

- (1) "Board" means the Economic Incentive Oversight Board.
- (2) "Monetary incentive" means a grant, loan, or other form of monetary incentive paid from state revenues, including a state trust fund, that a business entity or other person may receive in exchange for or as a result of conducting an activity with an economic development purpose.
- (2-a) "Rural county" means a county with a population of less than 60,000.
- (3) "Tax incentive" means any exemption, deduction, credit, exclusion, waiver, rebate, discount, deferral, or other abatement or reduction of state tax liability of a business

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entity or other person that the person may receive in exchange for or as a result of conducting an activity with an economic development purpose.

Sec. 490G.002. ESTABLISHMENT AND COMPOSITION.

(a) The Economic Incentive Oversight Board is an advisory body composed of *eight members* as follows:

(1) two public members appointed by the speaker of the house of representatives, one of whom must be from a rural county;

(2) two public members appointed by the lieutenant governor, one of whom must be from a rural county;

(3) two public members appointed by the comptroller; and

(4) *two public members* appointed by the governor.

(b) In appointing members of the board, each appointing officer shall appoint one member who has expertise in the area of economic development.

(b-1) An individual is ineligible to serve on the board if during the 120-day period preceding the date of appointment the individual made a political contribution to the governor, the comptroller, the lieutenant governor, or the speaker of the house of representatives or to a candidate for election or selection to any of those offices.

(c) A member of the board serves at the pleasure of the appointing officer.

(d) The board members are entitled to reimbursement for actual and necessary expenses incurred by the members in serving on the board as provided by Chapter 660 and the General Appropriations Act.

(e) The office of the governor shall provide administrative support and staff to the board.

Sec. 490G.003. PRESIDING OFFICER. The governor shall appoint the presiding officer of the board.

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entity or other person that the person may receive in exchange for or as a result of conducting an activity with an economic development purpose.

Sec. 490G.002. ESTABLISHMENT AND COMPOSITION.

(a) The Economic Incentive Oversight Board is an advisory body composed of *nine members* as follows:

(1) two public members appointed by the speaker of the house of representatives, one of whom must be from a rural county;

(2) two public members appointed by the lieutenant governor, one of whom must be from a rural county;

(3) two public members appointed by the comptroller; and

(4) *three public members* appointed by the governor.

(b) In appointing members of the board, each appointing officer shall appoint one member who has expertise in the area of economic development.

(c) A member of the board serves at the pleasure of the appointing officer.

(d) The board members are entitled to reimbursement for actual and necessary expenses incurred by the members in serving on the board as provided by Chapter 660 and the General Appropriations Act.

(e) The office of the governor shall provide administrative support and staff to the board.

Sec. 490G.003. PRESIDING OFFICER. The governor shall appoint the presiding officer of the board.

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Sec. 490G.004. MEETINGS. (a) The board shall meet at least *quarterly* at the call of the presiding officer.

(b) The board may hold a meeting by telephone conference call or videoconference.

(c) A board meeting held under Subsection (b) is subject to the requirements of Subchapter F, Chapter 551, Government Code, except that a quorum of the board is not required to be physically present at one location of the meeting.

Sec. 490G.005. REVIEW OF CERTAIN STATE INCENTIVE PROGRAMS; PERFORMANCE MATRIX. (a) The board shall examine the effectiveness and efficiency of programs and funds administered by the office of the governor, the comptroller, or the Department of Agriculture that award to business entities and other persons state monetary or tax incentives for which the governor, comptroller, or department has discretion in determining whether or not to award the incentives.

(b) The board shall develop a performance matrix that clearly establishes the economic performance indicators, measures, and metrics that will guide the board's evaluations of those programs and funds.

(c) *In developing the performance matrix, the board shall consider whether the performance matrix should address the following factors in relation to each business entity or other person that receives a state monetary or tax incentive under a program or from a fund described by Subsection (a):*

(1) *economic factors, including:*

(A) *the investment made by the business entity or other person in the economic development activity associated with the receipt of the incentive;*

(B) *the economic output produced by the associated economic development activity, including:*

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Sec. 490G.004. MEETINGS. (a) The board shall meet at least *annually* at the call of the presiding officer.

(b) The board may hold a meeting by telephone conference call or videoconference.

(c) A board meeting held under Subsection (b) is subject to the requirements of Subchapter F, Chapter 551, Government Code, except that a quorum of the board is not required to be physically present at one location of the meeting.

Sec. 490G.005. REVIEW OF CERTAIN STATE INCENTIVE PROGRAMS; PERFORMANCE MATRIX. (a) The board shall examine the effectiveness and efficiency of programs and funds administered by the office of the governor, the comptroller, or the Department of Agriculture that award to business entities and other persons state monetary or tax incentives for which the governor, comptroller, or department has discretion in determining whether or not to award the incentives.

(b) The board shall develop a performance matrix that clearly establishes the economic performance indicators, measures, and metrics that will guide the board's evaluations of those programs and funds.

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(i) direct project gains from economic output, including contractor, supplier, and employee spending and construction and event expenditures; and

(ii) ancillary or indirect benefits from contractor, supplier, and employee spending and construction and event expenditures; and

(C) the jobs created by the associated economic development activity and:

(i) the wages and benefits paid for those jobs; and

(ii) the general locations at which the persons hired for those jobs resided at the time the persons were hired, disaggregated by country, state, and county;

(2) fiscal factors, including:

(A) the amount of state monetary and tax incentives received by the business entity or other person;

(B) the additional taxes and other revenue paid to this state and to local governments because of the associated economic development activity; and

(C) the public service and infrastructure costs of the associated economic development activity; and

(3) intangible factors the board considers appropriate.

Sec. 490G.006. SCHEDULE OF REVIEW; RECOMMENDATION TO LEGISLATIVE AUDIT COMMITTEE. (a) The board shall develop a schedule for the periodic review of each state incentive program or fund described by Section 490G.005 for the purposes of making recommendations on whether to continue the program or fund or whether to improve program or fund effectiveness and efficiency. The board shall review and make recommendations to the legislature regarding each program or fund according to the review schedule.

(b) After conducting a review of a state incentive program or

Sec. 490G.006. SCHEDULE OF REVIEW; RECOMMENDATION TO LEGISLATIVE AUDIT COMMITTEE. (a) The board shall develop a schedule for the periodic review of each state incentive program or fund described by Section 490G.005 for the purposes of making recommendations on whether to continue the program or fund or whether to improve program or fund effectiveness and efficiency. The board shall review and make recommendations to the legislature regarding each program or fund according to the review schedule.

(b) After conducting a review of a state incentive program or

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fund under this chapter, the board may recommend to the legislative audit committee that an audit of the program or fund be included in the audit plan under Section 321.013.

Sec. 490G.007. **ANNUAL REPORT.** Not later than January 1 of *each year*, the board shall submit to the lieutenant governor, the speaker of the house of representatives, and each standing committee of the senate and house of representatives with primary jurisdiction over economic development a report containing findings and recommendations resulting from each review of state incentive programs and funds conducted by the board under this chapter during the preceding *calendar year*.

Sec. 490G.008. CONFLICTS OF INTEREST. (a) A member of the board who has a substantial interest in a business entity or other person that previously applied for or received a state monetary or tax incentive from a program or fund subject to review by the board shall disclose that interest in writing to the board and the Texas Ethics Commission.

(b) A board member who has a business, commercial, or other relationship, other than an interest described by Subsection (a), that could reasonably be expected to diminish the person's independence of judgment in the performance of the person's responsibilities in relation to the board shall disclose the relationship in writing to the board *and the Texas Ethics Commission*.

(c) *A member of the board may not make a political contribution to the governor, the comptroller, the lieutenant governor, or the speaker of the house of representatives or to a candidate for election or selection to any of those offices.*

Sec. 490G.009. CONFIDENTIALITY OF INFORMATION. The provision of information that is confidential by law to the board does not affect the confidentiality of the information.

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fund under this chapter, the board may recommend to the legislative audit committee that an audit of the program or fund be included in the audit plan under Section 321.013.

Sec. 490G.007. **BIENNIAL REPORT.** Not later than January 1 of *each odd-numbered year*, the board shall submit to the lieutenant governor, the speaker of the house of representatives, and each standing committee of the senate and house of representatives with primary jurisdiction over economic development a report containing findings and recommendations resulting from each review of state incentive programs and funds conducted by the board under this chapter during the preceding *two calendar years*.

Sec. 490G.008. CONFLICTS OF INTEREST. (a) A member of the board who has a substantial interest in a business entity or other person that previously applied for or received a state monetary or tax incentive from a program or fund subject to review by the board shall disclose that interest in writing to the board.

(b) A board member who has a business, commercial, or other relationship, other than an interest described by Subsection (a), that could reasonably be expected to diminish the person's independence of judgment in the performance of the person's responsibilities in relation to the board shall disclose the relationship in writing to the board.

Sec. 490G.009. CONFIDENTIALITY OF INFORMATION. The provision of information that is confidential by law to the board does not affect the confidentiality of the information.

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SECTION 2.02. (a) As soon as practicable after the effective date of this Act, the appointing officials shall appoint members to the Economic Incentive Oversight Board established under Chapter 490G, Government Code, as added by this article.

(b) Notwithstanding Section 490G.007, Government Code, as added by this article, the Economic Incentive Oversight Board shall submit the report required by that section beginning with the report due on January 1, 2017.

No equivalent provision.

SECTION 2.02. Same as House version *except does not include Subsection (b).*

ARTICLE 3. ONLINE INFORMATION AND APPLICATION SYSTEM FOR STATE INCENTIVES

No equivalent provision.

Same as Senate version.

SECTION 3.01. Subtitle G, Title 10, Government Code, is amended by adding Chapter 2301.

No equivalent provision.

Same as Senate version.

ARTICLE 4. PROGRAMS ADMINISTERED BY TEXAS ECONOMIC DEVELOPMENT BANK

No equivalent provision.

Same as Senate version.

SECTION 4.01. The following laws are repealed:
(1) Subchapter N, Chapter 481, Government Code; and
(2) Chapter 503, Local Government Code.

No equivalent provision.

Same as Senate version.

SECTION 4.02. Section 447.013(i), Government Code, is

No equivalent provision.

Same as Senate version.

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amended.		
SECTION 4.03. Section 489.108, Government Code, is amended.	<i>No equivalent provision.</i>	Same as Senate version.
SECTION 4.04. Section 39.909(a), Utilities Code, is amended.	<i>No equivalent provision.</i>	Same as Senate version.
SECTION 4.05. Section 52.256(a), Utilities Code, is amended.	<i>No equivalent provision.</i>	Same as Senate version.
SECTION 4.06. Transition provisions relating to the repeal of Subchapter N, Chapter 481, Government Code, in SECTION 4.01 above.	<i>No equivalent provision.</i>	Same as Senate version.
SECTION 4.07. Transition provision relating to the repeal of Chapter 503, Local Government Code, in SECTION 4.01 above.	<i>No equivalent provision.</i>	Same as Senate version.
ARTICLE 5. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE	<i>(See ARTICLE 1 above.)</i>	<i>(See ARTICLE 1 above.)</i>
SECTION 5.01. Chapter 62, Education Code, is amended by adding Subchapter H to read as follows:	<i>(See SECTION 1.01 above.)</i>	<i>(See SECTION 1.01 above.)</i>

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SUBCHAPTER H. GOVERNOR'S UNIVERSITY
RESEARCH INITIATIVE

Sec. 62.161. DEFINITIONS. In this subchapter:

(1) "Advisory board" means the governor's university
research initiative advisory board.

(2) "Distinguished researcher" means a researcher who is:

(A) a Nobel laureate or the recipient of an equivalent honor;
or

(B) a member of a national honorific society, such as the
National Academy of Sciences, the National Academy of
Engineering, or the Institute of Medicine, or an equivalent
honorific organization.

(3) "Eligible institution" means a general academic teaching
institution or health-related institution.

(4) "Fund" means the governor's university research initiative
fund established under this subchapter.

(5) "General academic teaching institution" has the meaning
assigned by Section 61.003.

(6) "Governing board" has the meaning assigned by Section
61.003.

(7) "Health-related institution" means a medical and dental
unit as defined by Section 61.003 and any other public health
science center, public medical school, or public dental school
established by statute or in accordance with Chapter 61.

(8) "Office" means the Texas Economic Development and
Tourism Office within the office of the governor.

(9) "Private or independent institution of higher education"
has the meaning assigned by Section 61.003.

Sec. 62.162. ADMINISTRATION OF INITIATIVE. (a) The
governor's university research initiative is administered by the
Texas Economic Development and Tourism Office within the
office of the governor.

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(b) From the governor's university research initiative fund, the office shall award matching grants to assist eligible institutions in recruiting distinguished researchers.

(c) The office may adopt any rules the office considers necessary to administer this subchapter.

Sec. 62.163. MATCHING GRANTS.

(a) An eligible institution may apply to the office for a matching grant from the fund. Before approval or disapproval of a grant application, the office shall consider the recommendation of the advisory board regarding the grant proposal. If the office approves a grant application, the office shall award to the applicant institution a grant amount equal to the amount committed by the institution for the recruitment of a distinguished researcher, except as provided by Subsection (c)(2).

(b) A grant application must identify the source and amount of the eligible institution's matching funds and must demonstrate that the proposed use of the grant has the support of the institution's president and of the institution's governing board, the chair of the institution's governing board, or the chancellor of the university system, if the institution is a component of a university system. An applicant eligible institution may commit for matching purposes any funds of the institution available for that purpose other than appropriated general revenue.

(c) The office may set a deadline for grant applications for each state fiscal year. After fully funding approved grant applications received during an application period for a state fiscal year, the office may reopen applications for that year and:

(1) award the full amount of matching funds from the fund for new applications; or

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(2) approve previously disapproved applications submitted before the original application deadline for receipt of a reduced grant amount.

(d) A matching grant received by an eligible institution under this subchapter may not be considered as a basis to reduce, directly or indirectly, the amount of money otherwise appropriated to the institution.

(e) A matching grant may not be used by an eligible institution to recruit a distinguished researcher or other employee from:

(1) another eligible institution; or

(2) a private or independent institution of higher education.

(f) The office shall require an application and all supporting documentation to be submitted to the office electronically in the manner prescribed by the office.

Sec. 62.164. GRANT AWARD CRITERIA; PRIORITIES.

(a) The office may award grants only to grant proposals that involve the recruitment of distinguished researchers in the fields of science, technology, engineering, mathematics, and medicine. The office shall give priority to proposals that:

(1) demonstrate a reasonable probability of enhancing Texas' national and global economic competitiveness;

(2) demonstrate a reasonable probability of creating a nationally or internationally recognized locus of research superiority or a unique locus of research;

(3) are matched with a significant amount of funding from a federal or private source that may be transferred to the eligible institution;

(4) are interdisciplinary and collaborative; or

(5) include a strategic plan for intellectual property development and commercialization of technology.

(b) The office may award a grant to a proposal that:

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(1) supports the recruitment of a distinguished researcher distinguished in, or to be engaged in, basic, translational, or applied research; or

(2) proposes the recruitment of a distinguished researcher for new research capabilities of the eligible institution or to expand the institution's existing research capabilities.

(c) A grant proposal should identify a specific distinguished researcher being recruited. In addition to the factors considered in evaluating proposals considered a priority under Subsection (a), the office may consider:

(1) the likelihood that the researcher being recruited will not accept a research position with the applicant eligible institution without the institution's receipt of a matching grant under this subchapter;

(2) the extent to which the subject matter of the researcher's research offers the opportunity for interdisciplinary and collaborative research at the applicant eligible institution and with other eligible institutions; and

(3) any commercialization track record of the researcher being recruited.

Sec. 62.165. CONFIDENTIALITY. Information collected or obtained by the office or the advisory board concerning the identity of a particular distinguished researcher who is the subject of a grant proposal under this subchapter is confidential unless the researcher and the applicant eligible institution consent to disclosure of the information. The information remains confidential until the date, if any, on which the researcher enters into an employment relationship with the recruiting institution as contemplated in the grant proposal.

Sec. 62.166. ADVISORY BOARD. (a) The governor's university research initiative advisory board is established to

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assist the office with the review and evaluation of applications for funding of grant proposals under this subchapter. The advisory board shall make recommendations to the office for approval or disapproval of those applications.

(b) The advisory board must be composed of at least nine members appointed by the governor. Of the members of the board:

(1) one-third of the members, as nearly as possible, must have a background in finance;

(2) one-third of the members, as nearly as possible, must have an academic background in science, technology, engineering, or mathematics; and

(3) one-third of the members, as nearly as possible, must be public members.

(c) Chapter 2110, Government Code, does not apply to the size, composition, or duration of the advisory board.

(d) A member of the advisory board who is or has been employed by, is or has been a party to a contract for any purpose with, or is a student or former student of an applicant eligible institution may not be involved in the review, evaluation, or recommendation of a grant proposal made by that institution.

(e) An advisory board member is not required to be a resident of this state.

(f) Appointments to the advisory board shall be made without regard to the race, color, disability, sex, religion, age, or national origin of the appointees.

(g) Members of the advisory board serve without compensation but are entitled to reimbursement for actual and necessary expenses in attending meetings of the board or performing other official duties authorized by the office.

Sec. 62.167. TIMELY ACTION ON APPLICATIONS. (a)

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The advisory board shall meet in person or by teleconference to consider grant applications under this subchapter and shall strive to present to the office the board's recommendation for approval or disapproval of an application not later than the 14th day after the date the board receives the application.

(b) The office shall make a final decision regarding approval of a grant application not later than the 14th day after the date the office receives the advisory board's recommendation.

Sec. 62.168. GOVERNOR'S UNIVERSITY RESEARCH INITIATIVE FUND. (a) The governor's university research initiative fund is a dedicated account in the general revenue fund.

(b) The fund consists of:

(1) amounts appropriated or otherwise allocated or transferred by law to the fund; and

(2) gifts, grants, and other donations received for the fund.

(c) Sections 403.095 and 404.071, Government Code, do not apply to the fund.

(d) The fund may be used by the office only for the purposes of this subchapter, including for necessary expenses incurred in the administration of the fund and this subchapter.

ARTICLE 6. RENAMING OF MAJOR EVENTS TRUST FUND

SECTION 6.01. The heading to Section 5A, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 5A. PAYMENT OF STATE AND MUNICIPAL OR

No equivalent provision.

(See SECTION 2.06 below.)

ARTICLE 4. RENAMING OF MAJOR EVENTS TRUST FUND

SECTION 4.01. Same as House version.

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COUNTY OBLIGATIONS UNDER[;] MAJOR EVENTS REIMBURSEMENT PROGRAM [TRUST FUND].

SECTION 6.02. Sections 5A(a-1), (d), (d-1), (e), (f), (g), (h), (j), (k), (l), (m), (w), and (y), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), are amended to read as follows:

(a-1) An event not listed in Subsection (a)(4) of this section is ineligible for funding under this section. A listed event may receive funding through the Major Events Reimbursement Program under this section only if:

(1) a site selection organization selects a site located in this state for the event to be held one time or, for an event scheduled to be held each year for a period of years under an event contract, or an event support contract, one time each year for the period of years, after considering, through a highly competitive selection process, one or more sites that are not located in this state;

(2) a site selection organization selects a site in this state as:

(A) the sole site for the event; or

(B) the sole site for the event in a region composed of this state and one or more adjoining states;

(3) the event is held not more than one time in any year; and

(4) the amount of the incremental increase in tax receipts determined by the comptroller under Subsection (b) of this section equals or exceeds \$1 million, provided that for an event scheduled to be held each year for a period of years under an event contract or event support contract, the incremental increase in tax receipts shall be calculated as if the event did not occur in the prior year.

No equivalent provision. (But see SECTION 2.08 below.)

SECTION 4.02. Same as House version.

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(d) Each endorsing municipality or endorsing county participating in the Major Events Reimbursement Program shall remit to the comptroller and the comptroller shall deposit into a trust fund created by the comptroller and designated as the Major Events reimbursement program [~~trust~~] fund the amount of the municipality's or county's hotel occupancy tax revenue determined under Subsection (b)(4) or (b)(5) of this section, less any amount of the revenue that the municipality or county determines is necessary to meet the obligations of the municipality or county. The comptroller shall retain the amount of sales and use tax revenue and mixed beverage tax revenue determined under Subsection (b)(2) or (b)(3) of this section from the amounts otherwise required to be sent to the municipality under Sections 321.502 and 183.051(b), Tax Code, or to the county under Sections 323.502 and 183.051(b), Tax Code, and deposit into the [~~trust~~] fund the tax revenues, less any amount of the revenue that the municipality or county determines is necessary to meet the obligations of the municipality or county. The comptroller shall begin retaining and depositing the local tax revenues with the first distribution of that tax revenue that occurs after the first day of the one-year period described by Subsection (b) of this section or at a time otherwise determined to be practicable by the comptroller and shall discontinue retaining the local tax revenues under this subsection when the amount of the applicable tax revenue determined under Subsection (b)(2) or (b)(3) of this section has been retained. The Major Events reimbursement program [~~trust~~] fund is established outside the state treasury and is held in trust by the comptroller for administration of this Act. Money in the [~~trust~~] fund may be disbursed by the comptroller without appropriation only as provided by this section.

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(d-1) Not later than the 90th day after the last day of an event eligible for funding under the Major Events Reimbursement Program and in lieu of the local tax revenues remitted to or retained by the comptroller under Subsection (d) of this section, a municipality or county may remit to the comptroller for deposit in the Major Events reimbursement program ~~[trust]~~ fund other local funds in an amount equal to the total amount of local tax revenue determined under Subsections (b)(2) through (5) of this section. The amount deposited by the comptroller into the Major Events reimbursement program ~~[trust]~~ fund under this subsection is subject to Subsection (f) of this section.

(e) In addition to the tax revenue deposited in the Major Events reimbursement program ~~[trust]~~ fund under Subsection (d) of this section, an endorsing municipality or endorsing county may guarantee its obligations under an event support contract and this section by pledging surcharges from user fees, including parking or ticket fees, charged in connection with the event. An endorsing municipality or endorsing county may collect and remit to the comptroller surcharges and user fees attributable to the event for deposit into the Major Events reimbursement program ~~[trust]~~ fund.

(f) The comptroller shall deposit into the Major Events reimbursement program ~~[trust]~~ fund a portion of the state tax revenue not to exceed the amount determined under Subsection (b)(1) of this section in an amount equal to the prevailing state sales tax rate ~~[6.25]~~ times the amount of the local revenue retained or remitted under this section, including:

- (1) local sales and use tax revenue;
- (2) mixed beverage tax revenue;
- (3) hotel occupancy tax revenue; and

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(4) surcharge and user fee revenue.

(g) To meet its obligations under a game support contract or event support contract to improve, construct, renovate, or acquire facilities or to acquire equipment, an endorsing municipality by ordinance or an endorsing county by order may authorize the issuance of notes. An endorsing municipality or endorsing county may provide that the notes be paid from and secured by amounts on deposit or amounts to be deposited into the Major Events reimbursement program [~~trust~~] fund or surcharges from user fees, including parking or ticket fees, charged in connection with the event. Any note issued must mature not later than seven years from its date of issuance.

(h) The funds in the Major Events reimbursement program [~~trust~~] fund may be used to pay the principal of and interest on notes issued by an endorsing municipality or endorsing county under Subsection (g) of this section and to fulfill obligations of the state or an endorsing municipality or endorsing county to a site selection organization under a game support contract or event support contract. Subject to Subsection (k) of this section, the obligations may include the payment of costs relating to the preparations necessary or desirable for the conduct of the event and the payment of costs of conducting the event, including improvements or renovations to existing facilities or other facilities and costs of acquisition or construction of new facilities or other facilities.

(j) Not later than the 30th day after the date a request of a local organizing committee, endorsing municipality, or endorsing county is submitted to the comptroller under Subsection (b-1) of this section, the comptroller shall provide an estimate of the total amount of tax revenue that would be deposited in the Major Events reimbursement program [~~trust~~]

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fund under this section in connection with that event, if the event were to be held in this state at a site selected pursuant to an application by a local organizing committee, endorsing municipality, or endorsing county. A local organizing committee, endorsing municipality, or endorsing county may submit the comptroller's estimate to a site selection organization.

(k) The comptroller may make a disbursement from the Major Events reimbursement program ~~[trust]~~ fund on the prior approval of each contributing endorsing municipality or endorsing county for a purpose for which a local organizing committee, an endorsing municipality, or an endorsing county or the state is obligated under a game support contract or event support contract. If an obligation is incurred under a games support contract or event support contract to make a structural improvement to the site or to add a fixture to the site for purposes of an event and that improvement or fixture is expected to derive most of its value in subsequent uses of the site for future events, a disbursement from the ~~[trust]~~ fund made for purposes of that obligation is limited to five percent of the cost of the improvement or fixture and the remainder of the obligation is not eligible for a disbursement from the ~~[trust]~~ fund, unless the improvement or fixture is for a publicly owned facility. In considering whether to make a disbursement from the ~~[trust]~~ fund, the comptroller may not consider a contingency clause in an event support contract as relieving a local organizing committee's, endorsing municipality's, or endorsing county's obligation to pay a cost under the contract. A disbursement may not be made from the ~~[trust]~~ fund that the comptroller determines would be used for the purpose of soliciting the relocation of a professional sports franchise located in this state.

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(l) If a disbursement is made from the Major Events reimbursement program ~~trust~~ fund under Subsection (k), the obligation shall be satisfied proportionately from the state and local revenue in the ~~trust~~ fund.

(m) On payment of all state, municipal, or county obligations under a game support contract or event support contract related to the location of any particular event in the state, the comptroller shall remit to each endorsing entity, in proportion to the amount contributed by the entity, any money remaining in the ~~trust~~ fund.

(w) Not later than 10 months after the last day of an event eligible for disbursements from the Major Events reimbursement program ~~trust~~ fund for costs associated with the event, the comptroller using existing resources shall complete a study in the market area of the event on the measurable economic impact directly attributable to the preparation for and presentation of the event and related activities. The comptroller shall post on the comptroller's Internet website:

(1) the results of the study conducted under this subsection, including any source documentation or other information relied on by the comptroller for the study;

(2) the amount of incremental increase in tax receipts for the event determined under Subsection (b) of this section;

(3) the site selection organization documentation described in Subsection (p)(3) of this section;

(4) any source documentation or information described under Subsection (i) of this section that was relied on by the comptroller in making the determination of the amount of incremental increase in tax receipts under Subsection (b) of this section; and

(5) documentation verifying that:

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(A) a request submitted by a local organizing committee, endorsing municipality, or endorsing county under Subsection (p) of this section is complete and certified as such by the comptroller;

(B) the determination on the amount of incremental increases in tax receipts under Subsection (b) of this section considered the information submitted by a local organizing committee, endorsing municipality, or endorsing county as required under Subsection (b-1) of this section; and

(C) each deadline established under this section was timely met.

(y) After the conclusion of an event, the comptroller shall compare information on the actual attendance figures provided to the comptroller under Subsection (i) of this section with the estimated attendance numbers used to determine the incremental increase in tax receipts under Subsection (b) of this section. If the actual attendance figures are significantly lower than the estimated attendance numbers, the comptroller may reduce the amount of a disbursement for an endorsing entity under the Major Events reimbursement program ~~trust~~ fund in proportion to the discrepancy between the actual and estimated attendance and in proportion to the amount contributed to the fund by the entity. The comptroller by rule shall define "significantly lower" for purposes of this subsection and provide the manner in which a disbursement may be proportionately reduced. This subsection does not affect the remittance of any money remaining in the fund in accordance with Subsection (m) of this section.

No equivalent provision.

ARTICLE 2. CERTAIN EVENTS FUNDS

Same as House version.

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<i>No equivalent provision.</i>	SECTION 2.01. The heading to Section 4, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), is amended.	Same as House version.
<i>No equivalent provision.</i>	SECTION 2.02. Sections 4(b), (c), (d), (f), (g), (h), (j), (k), and (m), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), are amended.	Same as House version.
<i>No equivalent provision.</i>	SECTION 2.03. Sections 4(i) and (l), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), as amended by Chapters 579 (H.B. 1675) and 814 (S.B. 275), Acts of the 78th Legislature, Regular Session, 2003, are reenacted and amended.	Same as House version.
<i>No equivalent provision.</i>	SECTION 2.04. The heading to Section 5, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), is amended.	Same as House version.
<i>No equivalent provision.</i>	SECTION 2.05. Sections 5(b), (c), (d), (f), (g), (h), (i), (j), (k), (l), and (m), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), are amended.	Same as House version.

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(See SECTION 6.01 above.)

SECTION 2.06. The heading to Section 5A, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), is amended to read as follows:

(See SECTION 4.01 above.)

Sec. 5A. PAYMENT OF STATE AND MUNICIPAL OR COUNTY OBLIGATIONS; MAJOR EVENTS REIMBURSEMENT [TRUST] FUND.

No equivalent provision.

SECTION 2.07. Sections 5A(a)(1) and (2), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), are amended.

Same as House version.

No equivalent provision. (But see SECTION 6.02 above.)

SECTION 2.08. Sections 5A(a-1), (a-2), (b), (b-1), (c), (d), (d-1), (e), (f), (g), (i), (j), (k), (l), (m), (p), (v), (w), and (y), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), are amended to read as follows:

Same as House version. *(See SECTION 4.02 above.)*

(a-1) An event not listed in Subsection (a)(4) of this section is ineligible for funding under this section. A listed event may receive funding under this section only if:

(1) a site selection organization selects a site located in this state for the event to be held one time or, for an event scheduled to be held each year for a period of years under an event contract, or an event support contract, one time each year for the period of years, after considering, through a highly competitive selection process, one or more sites that are not located in this state;

(2) a site selection organization selects a site in this state as:

(A) the sole site for the event; or

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(B) the sole site for the event in a region composed of this state and one or more adjoining states;

(3) the event is held not more than one time in any year; and

(4) the amount of the incremental increase in tax receipts determined by the department [~~comptroller~~] under Subsection (b) of this section equals or exceeds \$1 million, provided that for an event scheduled to be held each year for a period of years under an event contract or event support contract, the incremental increase in tax receipts shall be calculated as if the event did not occur in the prior year.

(a-2) Subsection (a-1)(1) of this section does not apply to an event that is the largest event held each year at a sports entertainment venue in this state with a permanent seating capacity, including grandstand and premium seating, of not less than 125,000. If an endorsing municipality or endorsing county requests the department [~~comptroller~~] to make a determination under Subsection (b) of this section for an event described by this subsection, the provisions of this section apply to that event as if it satisfied the eligibility requirements for an event under Subsection (a-1)(1) of this section.

(b) If a site selection organization selects a site for an event in this state pursuant to an application by a local organizing committee, endorsing municipality, or endorsing county, upon request of a local organizing committee, endorsing municipality, or endorsing county, the department [~~comptroller~~] shall determine for a one-year period that begins two months before the date on which the event will begin, in accordance with procedures developed by the department [~~comptroller~~]:

(1) the incremental increase in the receipts to the state from taxes imposed under Chapters 151, 152, 156, and 183, Tax Code, and under Title 5, Alcoholic Beverage Code, within the

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market areas designated under Subsection (c) of this section, that is directly attributable, as determined by the department [~~comptroller~~], to the preparation for and presentation of the event and related activities;

(2) the incremental increase in the receipts collected by the state on behalf of each endorsing municipality in the market area from the sales and use tax imposed by each endorsing municipality under Section 321.101(a), Tax Code, and the mixed beverage tax revenue to be received by each endorsing municipality under Section 183.051(b), Tax Code, that is directly attributable, as determined by the department [~~comptroller~~], to the preparation for and presentation of the event and related activities;

(3) the incremental increase in the receipts collected by the state on behalf of each endorsing county in the market area from the sales and use tax imposed by each endorsing county under Section 323.101(a), Tax Code, and the mixed beverage tax revenue to be received by each endorsing county under Section 183.051(b), Tax Code, that is directly attributable, as determined by the department [~~comptroller~~], to the preparation for and presentation of the event and related activities;

(4) the incremental increase in the receipts collected by each endorsing municipality in the market area from the hotel occupancy tax imposed under Chapter 351, Tax Code, that is directly attributable, as determined by the department [~~comptroller~~], to the preparation for and presentation of the event and related activities; and

(5) the incremental increase in the receipts collected by each endorsing county in the market area from the hotel occupancy tax imposed under Chapter 352, Tax Code, that is directly attributable, as determined by the department [~~comptroller~~], to the preparation for and presentation of the event and related

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activities.

(b-1) A request for a determination of the amount of incremental increase in tax receipts specified by Subsection (b) of this section must be submitted to the department ~~[comptroller]~~ not earlier than one year and not later than 45 days before the date the event begins. The department ~~[comptroller]~~ shall base the determination specified by Subsection (b) of this section on information submitted by the local organizing committee, endorsing municipality, or endorsing county, and must make the determination not later than the 30th day after the date the department ~~[comptroller]~~ receives the request and related information.

(c) For the purposes of Subsection (b)(1) of this section, the department ~~[comptroller]~~ shall designate as a market area for the event each area in which the department ~~[comptroller]~~ determines there is a reasonable likelihood of measurable economic impact directly attributable to the preparation for and presentation of the event and related activities, including areas likely to provide venues, accommodations, and services in connection with the event based on the proposal provided by the local organizing committee to the department ~~[comptroller]~~. The department ~~[comptroller]~~ shall determine the geographic boundaries of each market area. An endorsing municipality or endorsing county that has been selected as the site for the event must be included in a market area for the event.

(d) Each endorsing municipality or endorsing county shall remit to the comptroller and the comptroller shall deposit into a ~~[trust]~~ fund created by the comptroller, at the direction of the department, and designated as the Major Events reimbursement ~~[trust]~~ fund the amount of the municipality's or county's hotel occupancy tax revenue determined by the

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department under Subsection (b)(4) or (b)(5) of this section, less any amount of the revenue that the municipality or county determines is necessary to meet the obligations of the municipality or county. The comptroller, at the direction of the department, shall retain the amount of sales and use tax revenue and mixed beverage tax revenue determined by the department under Subsection (b)(2) or (b)(3) of this section from the amounts otherwise required to be sent to the municipality under Sections 321.502 and 183.051(b), Tax Code, or to the county under Sections 323.502 and 183.051(b), Tax Code, and deposit into the ~~trust~~ fund the tax revenues, less any amount of the revenue that the municipality or county determines is necessary to meet the obligations of the municipality or county. The comptroller shall begin retaining and depositing the local tax revenues with the first distribution of that tax revenue that occurs after the first day of the one-year period described by Subsection (b) of this section or at a time otherwise determined to be practicable by the department ~~comptroller~~ and shall discontinue retaining the local tax revenues under this subsection when the amount of the applicable tax revenue determined by the department under Subsection (b)(2) or (b)(3) of this section has been retained. The Major Events reimbursement ~~trust~~ fund is established outside the state treasury and is held in trust by the comptroller for administration of this Act. Money in the ~~trust~~ fund may be disbursed by the department ~~comptroller~~ without appropriation only as provided by this section.

(d-1) Not later than the 90th day after the last day of an event and in lieu of the local tax revenues remitted ~~to~~ or retained ~~by the comptroller~~ under Subsection (d) of this section, a municipality or county may remit to the department ~~comptroller~~ for deposit in the Major Events reimbursement

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~~[trust]~~ fund other local funds in an amount equal to the total amount of local tax revenue determined by the department under Subsections (b)(2) through (5) of this section. The amount deposited by the department ~~[comptroller]~~ into the Major Events reimbursement ~~[trust]~~ fund under this subsection is subject to Subsection (f) of this section.

(e) In addition to the tax revenue deposited in the Major Events reimbursement ~~[trust]~~ fund under Subsection (d) of this section, an endorsing municipality or endorsing county may guarantee its obligations under an event support contract and this section by pledging surcharges from user fees, including parking or ticket fees, charged in connection with the event. An endorsing municipality or endorsing county may collect and remit to the department ~~[comptroller]~~ surcharges and user fees attributable to the event for deposit into the Major Events reimbursement ~~[trust]~~ fund.

(f) The comptroller, at the direction of the department, shall ~~transfer [deposit]~~ into the Major Events reimbursement ~~[trust]~~ fund a portion of the state tax revenue not to exceed the amount determined by the department under Subsection (b)(1) of this section in an amount equal to 6.25 times the amount of the local revenue retained or remitted under this section, including:

- (1) local sales and use tax revenue;
- (2) mixed beverage tax revenue;
- (3) hotel occupancy tax revenue; and
- (4) surcharge and user fee revenue.

(g) To meet its obligations under a game support contract or event support contract to improve, construct, renovate, or acquire facilities or to acquire equipment, an endorsing municipality by ordinance or an endorsing county by order may authorize the issuance of notes. An endorsing

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municipality or endorsing county may provide that the notes be paid from and secured by amounts on deposit or amounts to be deposited into the Major Events reimbursement ~~[trust]~~ fund or surcharges from user fees, including parking or ticket fees, charged in connection with the event. Any note issued must mature not later than seven years from its date of issuance.

- (i) A local organizing committee, endorsing municipality, or endorsing county shall provide information required by the department ~~[comptroller]~~ to enable the department ~~[comptroller]~~ to fulfill the department's ~~[comptroller's]~~ duties under this section, including annual audited statements of any financial records required by a site selection organization and data obtained by the local organizing committee, an endorsing municipality, or an endorsing county relating to attendance at the event, including an estimate of the number of people expected to attend the event who are not residents of this state, and to the economic impact of the event. A local organizing committee, endorsing municipality, or endorsing county must provide an annual audited financial statement required by the department ~~[comptroller]~~, if any, not later than the end of the fourth month after the date the period covered by the financial statement ends. After the conclusion of an event and on the department's ~~[comptroller's]~~ request, a local organizing committee, endorsing municipality, or endorsing county must provide information relating to the event, such as attendance figures, including an estimate of the number of attendees at the event who are not residents of this state, financial information, or other public information held by the local organizing committee, endorsing municipality, or endorsing county that the department ~~[comptroller]~~ considers necessary.
- (j) Not later than the 30th day after the date a request of a

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local organizing committee, endorsing municipality, or endorsing county is submitted to the ~~department~~ [comptroller] under Subsection (b-1) of this section, the ~~department~~ [comptroller] shall provide an estimate of the total amount of tax revenue that would be deposited in the Major Events ~~reimbursement~~ [trust] fund under this section in connection with that event, if the event were to be held in this state at a site selected pursuant to an application by a local organizing committee, endorsing municipality, or endorsing county. A local organizing committee, endorsing municipality, or endorsing county may submit the ~~department's~~ [comptroller's] estimate to a site selection organization.

(k) The ~~department~~ [comptroller] may make a disbursement from the Major Events ~~reimbursement~~ [trust] fund on the prior approval of each contributing endorsing municipality or endorsing county for a purpose for which a local organizing committee, an endorsing municipality, or an endorsing county or the state is obligated under a game support contract or event support contract. If an obligation is incurred under a games support contract or event support contract to make a structural improvement to the site or to add a fixture to the site for purposes of an event and that improvement or fixture is expected to derive most of its value in subsequent uses of the site for future events, a disbursement from the [trust] fund made for purposes of that obligation is limited to five percent of the cost of the improvement or fixture and the remainder of the obligation is not eligible for a disbursement from the [trust] fund, unless the improvement or fixture is for a publicly owned facility. In considering whether to make a disbursement from the [trust] fund, the ~~department~~ [comptroller] may not consider a contingency clause in an event support contract as relieving a local organizing

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committee's, endorsing municipality's, or endorsing county's obligation to pay a cost under the contract. A disbursement may not be made from the ~~[trust]~~ fund that the department ~~[comptroller]~~ determines would be used for the purpose of soliciting the relocation of a professional sports franchise located in this state.

(l) If a disbursement is made from the Major Events reimbursement ~~[trust]~~ fund under Subsection (k) of this section, the obligation shall be satisfied proportionately from the state and local revenue in the ~~[trust]~~ fund.

(m) On payment of all state, municipal, or county obligations under a game support contract or event support contract related to the location of any particular event in the state, the department ~~[comptroller]~~ shall remit to each endorsing entity, in proportion to the amount contributed by the entity, any money remaining in the ~~[trust]~~ fund.

(p) The department ~~[comptroller]~~ may not undertake any of the responsibilities or duties set forth in this section unless:

(1) a request is submitted by the municipality or the county in which the event will be located;

(2) the event meets all the requirements for funding under this section, including Subsection (a-1) of this section; and

(3) the request is accompanied by documentation from a site selection organization selecting the site for the event.

(v) The department ~~[comptroller]~~ may adopt rules necessary to implement this section.

(w) Not later than 10 months after the last day of an event eligible for disbursements from the Major Events reimbursement ~~[trust]~~ fund for costs associated with the event, the department ~~[comptroller]~~ using existing resources shall complete a study in the market area of the event on the measurable economic impact directly attributable to the

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preparation for and presentation of the event and related activities. The department [~~comptroller~~] shall post on the department's [~~comptroller's~~] Internet website:

(1) the results of the study conducted under this subsection, including any source documentation or other information relied on by the department [~~comptroller~~] for the study;

(2) the amount of incremental increase in tax receipts for the event determined by the department under Subsection (b) of this section;

(3) the site selection organization documentation described in Subsection (p)(3) of this section;

(4) any source documentation or information described under Subsection (i) of this section that was relied on by the department [~~comptroller~~] in making the determination of the amount of incremental increase in tax receipts under Subsection (b) of this section; and

(5) documentation verifying that:

(A) a request submitted by a local organizing committee, endorsing municipality, or endorsing county under Subsection (p) of this section is complete and certified as such by the department [~~comptroller~~];

(B) the determination on the amount of incremental increases in tax receipts under Subsection (b) of this section considered the information submitted by a local organizing committee, endorsing municipality, or endorsing county as required under Subsection (b-1) of this section; and

(C) each deadline established under this section was timely met.

(y) After the conclusion of an event, the department [~~comptroller~~] shall compare information on the actual attendance figures provided to the department [~~comptroller~~] under Subsection (i) of this section with the estimated

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attendance numbers used to determine the incremental increase in tax receipts under Subsection (b) of this section. If the actual attendance figures are significantly lower than the estimated attendance numbers, the ~~department~~ [comptroller] may reduce the amount of a disbursement for an endorsing entity under the Major Events reimbursement [trust] fund in proportion to the discrepancy between the actual and estimated attendance and in proportion to the amount contributed to the fund by the entity. The ~~department~~ [comptroller] by rule shall define "significantly lower" for purposes of this subsection and provide the manner in which a disbursement may be proportionately reduced. This subsection does not affect the remittance of any money remaining in the fund in accordance with Subsection (m) of this section.

No equivalent provision.

SECTION 2.09. The heading to Section 5B, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), is amended.

Same as House version.

No equivalent provision.

SECTION 2.10. Sections 5B(b), (c), (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), and (o), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), are amended.

Same as House version.

No equivalent provision.

SECTION 2.11. The heading to Section 5C, Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), is amended.

Same as House version.

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No equivalent provision.

SECTION 2.12. Sections 5C(b), (b-1), (c), (c-1), (d), (d-1), (e), (f), (g), (h), (i), (j), (k), (k-1), (k-2), (l), (m), (o), (p), (q), (r), and (t), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), are amended.

Same as House version.

No equivalent provision.

SECTION 2.13. Sections 6(a) and (b), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), are amended.

Same as House version.

No equivalent provision.

SECTION 2.14. Section 7(f), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), is amended.

Same as House version.

No equivalent provision.

SECTION 2.15. The following laws are repealed:
(1) Section 5C(s), Chapter 1507 (S.B. 456), Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes); and
(2) Chapter 398, Local Government Code.

Same as House version.

No equivalent provision.

SECTION 2.16. As soon as is practicable after the effective date of this Act, but not later than September 10, 2015, the office of the governor and the comptroller of public accounts shall develop and adopt a memorandum of understanding that:

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- (1) identifies in detail the applicable powers and duties of the comptroller that are being transferred to the office of the governor as a result of this Act; and
- (2) establishes a plan for the identification and transfer of records, property, and unspent appropriations of the comptroller that are used for purposes of managing the funds transferred to the office of the governor.

No equivalent provision.

SECTION 2.17. (a) Not later than September 10, 2015:

Same as House version.

- (1) the administration of the Pan American Games reimbursement fund, Olympic Games reimbursement fund, Major Events reimbursement fund, Motor Sports Racing reimbursement fund, and Events reimbursement fund for sporting and non-sporting events shall be transferred from the comptroller of public accounts to the Texas Economic Development and Tourism Office;
- (2) all rules, forms, policies, procedures, or decisions of the comptroller that are related to the Pan American Games reimbursement fund, Olympic Games reimbursement fund, Major Events reimbursement fund, Motor Sports Racing reimbursement fund, and Events reimbursement fund for sporting and non-sporting events are continued in effect as rules, forms, policies, procedures, or decisions of the economic development and tourism division, office of the governor, until superseded by a rule or other appropriate act of the Texas Economic Development and Tourism Office; and
- (3) a reference in law or administrative rule to the comptroller relating to the decisions for and administration of the Pan American Games reimbursement fund, Olympic Games reimbursement fund, Major Events reimbursement fund, Motor Sports Racing reimbursement fund, and Events

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reimbursement fund for sporting and non-sporting events, other than a duty typically performed by the comptroller related to a state fund, means the Texas Economic Development and Tourism Office.

(b) Before the transfer of the administration of the Pan American Games reimbursement fund, Olympic Games reimbursement fund, Major Events reimbursement fund, Motor Sports Racing reimbursement fund, and Events reimbursement fund for sporting and non-sporting events, the comptroller and the Texas Economic Development and Tourism Office shall coordinate the transfer of powers and duties, including records and other items, in accordance with the memorandum of understanding adopted under Section 16 of this Act, to ensure a smooth transition.

No equivalent provision.

SECTION 2.18. Transition provision relating to the repeal of Chapter 398, Local Government Code, in SECTION 2.15 above.

Same as House version.

ARTICLE 7. EFFECTIVE DATE

ARTICLE 3. Same as House version.

ARTICLE 5. Same as House version.

SECTION 7.01. *Except as otherwise provided by this Act,* this Act takes effect September 1, 2015.

SECTION 3.01. This Act takes effect September 1, 2015.

SECTION 5.01. Same as Senate version.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 30, 2015

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB26 by Button (Relating to state economic development measures, including administration of the Texas Enterprise Fund, creation of the Economic Incentive Oversight Board and the governor's university research initiative, abolishment of the Texas emerging technology fund, and renaming the Major Events trust fund to the Major Events Reimbursement Program.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for HB26, Conference Committee Report: an impact of \$0 through the biennium ending August 31, 2017.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	\$0
2017	\$0
2018	\$0
2019	\$0
2020	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>Emerging Technology</i> 5124	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1
2016	(\$102,000,000)	\$102,000,000	(\$102,000,000)
2017	\$0	\$0	\$0
2018	\$0	\$0	\$0
2019	\$0	\$0	\$0
2020	\$0	\$0	\$0

Fiscal Year	Change in Number of State Employees from FY 2015
2016	(5.0)
2017	(5.0)
2018	(5.0)
2019	(5.0)
2020	(5.0)

Fiscal Analysis

The bill would amend Education Code to establish the Governor's University Research Initiative (GURI) administered by the Texas Economic Development and Tourism Office within the Office of the Governor to award matching grants to eligible institutions to recruit distinguished researchers. The bill would require a biennial report on grants made from the Governor's University Research Initiative Fund.

The bill would direct the winding up of contract and awards in connection with the Emerging Technology Fund (ETF), however, agreements in place before that date would not be affected. The bill would direct the GURI as the successor to the Emerging Technology Fund and royalties, revenue and other financial benefits received in the future would be deposited to Governor's University Research Initiative Fund. The bill would direct the disclosure of certain public information collected under the ETF program.

The bill would amend Government Code to direct the Texas Treasury Safekeeping Trust Company (TTSTC) to manage and wind up the ETF investment portfolio in a manner that provides for the maximum return on the state's investment. The bill would require the TTSTC to notify the Comptroller of Public Accounts (CPA) when the final liquidation of the ETF investment portfolio has been completed for the CPA to verify and certify to the Governor. The bill would abolish the ETF upon certification by the CPA of final liquidation. All realized proceeds and other earnings from the sale of stock or other investments and associated assets, and any balance remaining at final liquidation of the ETF would be deposited to General Revenue, less the amount permitted to be retained by TTSTC for costs for managing the portfolio.

On the effective date of this Act, the bill would allow the unencumbered balances of the ETF to be appropriated only to: the Texas Research Incentive Program (TRIP); the Texas Research University Fund; Governor's University Research Initiative (GURI); the Texas Enterprise Fund; and to the Comptroller for expenses incurred in managing the investment portfolio in connection with awards from the former ETF. The bill would abolish Regional Centers of Innovation and Commercialization.

The bill would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in the bill would be subject to funds consolidation review by the current Legislature. The bill would take effect September 1, 2015.

The bill would create the Economic Incentive Oversight Board that, for certain incentive awards, would be required to: review the effectiveness of certain programs and funds to business entities and other persons; evaluate the benefits and costs to the state, local governments and residents of the state from the economic development activity; develop a schedule for periodic review of

certain state incentive programs; and make recommendations for audits to the Legislative Audit Committee. The bill would require an biennial report from the Board. The Board would be entitled to reimbursements for certain expenses. The Governor's office would be required to provide administrative support and staff to the Board.

The bill would shorten the approval period for a proposal for a grant from the Texas Enterprise Fund.

The bill would amend Vernon's Texas Civil Statutes, to change the name of the Major Events Trust Fund (METF) to the Major Events Reimbursement Program (MERP) and would base the reimbursement amount on the prevailing state sales tax. According to the CPA, the fiscal impact of changing the state portion of the MERP reimbursement to be based on the sales tax rate is unknown as the size and number of events that would become eligible and held in the state is unknown.

Methodology

Using the Office of the Governor's most recent estimate, \$102.0 million in unexpended balances in General Revenue - Dedicated Emerging Technology Fund Account No. 5124 would be available for appropriation to the Texas Research Incentive Program (TRIP); the Texas Research University Fund; Governor's University Research Initiative(GURI); the Texas Enterprise Fund; and to the Comptroller for expenses incurred in managing the investment portfolio in connection with awards from the former ETF. As the bill does not require certain percentages of distribution, it is assumed the balances would be transferred to General Revenue for appropriation by the legislature to the Texas Research Incentive Program (TRIP); the Texas Research University Fund appropriated, and the CPA, and an undetermined amount would be appropriated to the General Revenue - Dedicated Texas Enterprise Fund and to the new General Revenue - Dedicated Governor's University Research Initiative Fund.

The Office of the Governor reports that the administrative provisions of the bill would require 2.0 FTEs, the cost of which can be absorbed within existing resources. The ETF currently is administered by 7.0 FTEs, for a net reduction of 5.0 FTEs.

The total ongoing portfolio management costs cannot be determined, as the portfolio wind up timeline is unknown at this time. The Office of the Governor estimates there would be a cost for the management of the ETF portfolio of approximately 2 percent of funds under management. Currently, the Office of the Governor estimates the portfolio's size to be \$455 million, and prior to the wind up of the ETF investment portfolio; the management cost is estimated to be approximately \$9.1 million per fiscal year. As the size of the portfolio decreases, the associated management costs would also decrease.

While the bill directs the Texas Treasury Safekeeping Trust Company to wind down the Emerging Technology Fund, the Office of the Governor indicates the fiscal impact cannot be determined at this time. The sale proceeds and other earnings from investments in the state's portfolio, and the required portfolio management fees are unidentified due to the unpredictability of the stock market and the unknown liquidity status of the investments.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts

LBB Staff: UP, SD, EP, LBe

**Certification of Compliance with
Rule 13, Section 6(b), House Rules of Procedure**

Rule 13, Section 6(b), House Rules of Procedure, requires a copy of a conference committee report signed by a majority of each committee of the conference to be furnished to each member of the committee in person or, if unable to deliver in person, by placing a copy in the member's newspaper mailbox at least one hour before the report is furnished to each member of the house under Rule 13, Section 10(a). The paper copies of the report submitted to the chief clerk under Rule 13, Section 10(b), must contain a certificate that the requirement of Rule 13, Section 6(b), has been satisfied, and that certificate must be attached to the copy of the report furnished to each member under Rule 13, Section 10(d). Failure to comply with this requirement is not a sustainable point of order under Rule 13.

I certify that a copy of the conference committee report on HB 26 was furnished to each member of the conference committee in compliance with Rule 13, Section 6(b), House Rules of Procedure, before submission of the paper copies of the report to the chief clerk under Rule 13, Section 10(b), House Rules of Procedure.

Angela DeBette
(name)

5/30/2015
(date)