

SUBJECT: Creating a Texas Border Strategic Investment Commission

COMMITTEE: Appropriations — committee substitute recommended

VOTE: 17 ayes — Junell, West, Delisi, Gallego, Glaze, Gutierrez, Hamric, Heflin, Maxey, Mowery, Puente, Allen, Eiland, Farrar, T. King, Luna, McReynolds

0 nays

10 absent — Coleman, P. Moreno, S. Turner, Flores, Giddings, Hochberg, Janek, Pickett, Pitts, Smith

SENATE VOTE: On final passage, May 14 — 26-4 (Fraser, Nelson, Ogden, Staples)

WITNESSES: For — Hector Gutierrez, City of El Paso; *Registered but did not testify:* Deborah Kastrin, Texas Border Infrastructure Council and County of El Paso

Against — None

DIGEST: CSSB 1837 would create a seven-member Texas Border Strategic Investment Commission to bring a statewide perspective to border region investments and to recommend economic development initiatives before December 1 of years preceding the legislative session. The commission would be funded through federal grants and other sources as well as through any amounts appropriated by the Legislature.

The commission would consist of the lieutenant governor, who would serve as the chair, as well as the:

- ! speaker of the House;
- ! comptroller;
- ! agriculture commissioner;
- ! Senate Finance Committee chair;
- ! House Appropriations Committee chair;
- ! secretary of state.

The commission would consider strategic economic development initiatives in the six metropolitan statistical areas in the border region: San Antonio, Brownsville-Harlingen-San Benito, Corpus Christi, Laredo, McAllen-Mission-Edinburg, and El Paso. The panel also could study “persistent poverty counties” classified by the federal government, whether they were located on the border or elsewhere in the state.

As part of its report to the Legislature, the commission would recommend future strategic economic development initiatives — including proposed funding levels — and evaluate ongoing economic development programs. Performance measures for the commission would include:

- ! the number of jobs created by the initiative;
- ! the impact on wages and benefits in the affected areas;
- ! the calculable rate of return on leveraged funding;
- ! attraction of new industry to the border; and
- ! the duration and quality of jobs and opportunities created.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2001.

**SUPPORTERS
SAY:**

SB 1837 would be the first step in creation of a Texas Border Marshall Plan on the order of the U.S.-backed reconstruction of Europe after World War II. Despite the unprecedented prosperity of the 1990s and the promise of the North American Free Trade Agreement, poverty has persisted in the border region. The 43 counties along the Texas-Mexico border have the highest poverty and unemployment rates in the United States as well as the lowest per capita income. A legacy of neglect of both South Texas and Northern Mexico must end because the economic future of both sides of the Rio Grande will forever be intertwined.

Emergency economic conditions along the border may not reach the status of the fiscal emergency required to tap into the “rainy day fund.” So it would not be appropriate to designate \$250 million from the economic development stabilization fund to finance commission programs. The commission should have adequate resources to help start economic development projects during

the upcoming biennium and could make recommendations in time for the next legislative session.

The commission would include the highest level executive and legislative branch leaders. Their recommendations would carry more authority than a legislative interim committee. Improving economic conditions on both sides of the border requires a coordinated strategy involving all governments, businesses, and citizens, and the commission would provide that vehicle.

Economic development projects would be reviewed according to a strict standard, and the commission would not create a new set of business subsidies.

OPPONENTS
SAY:

Removing the \$250 million economic stabilization appropriation from the Senate engrossed version of the bill would reduce the commission to a glorified think tank or study group. Rainy day funds to help this distressed region should be used today for real problems, not on some undefined future event which may never arrive.

OTHER
OPPONENTS
SAY:

Texas should not be responsible for solving the poverty of Mexico. It is not within the capacity of the state even though the Legislature already has appropriated billions of taxpayer dollars to assist the border region.

Economic development programs easily could turn into business subsidies. The market should determine the future of the border region.

NOTES:

The Senate engrossed version of the bill would have appropriated \$250 million to this project from the economic stabilization fund, the state's "rainy day" fund.