

## **BILL ANALYSIS**

Senate Research Center  
79R9150 DWS-D

S.B. 1109  
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S/C on Emerging Technologies & Economic Dev.  
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As Filed

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

Small businesses in Texas deserve to receive the same opportunities from the state to grow and foster their businesses. Over 97 percent of all businesses in Texas are small businesses and they create two-thirds of all new jobs in the state.

The Texas Enterprise Fund (fund) was created to attract new jobs and employers to Texas. According to Governor Perry's website, the fund is intended to create economic development packages of property tax abatements, state tax exemptions, low interest loans and other incentives, tailored for a specific company and community. To date, the fund primarily benefits large businesses by offering incentives. Businesses that have received grants claim to create between 500 and 4,000 direct jobs in Texas. There are no statutory requirements for how the grants are awarded, although applicants generally are judged on their job creation and wages, capital investment, financial strength, business history, and public/private sector support. More specifically, there are no requirements that the incentives be directed to encourage small business development.

If the Enterprise Fund is, indeed, intended to encourage a variety of economic development projects, then S.B. 1109 furthers the goal of reaching out to support a broader cross-section of the business community.

As proposed, S.B. 1109 amends the Government Code to require that at least 25 percent of the total amount of the grants awarded from the Texas Enterprise Fund be made to support small business concerns, or used to create small business concerns. As a result, Texas would be making a strong statement of commitment to economic development for all businesses in the state.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Provides that the vital importance of small-business concerns to the economy of this state and the well-being of its residents requires that it be the policy of this state to encourage the creation of small-business concerns and promote opportunities for those concerns to prosper.

SECTION 2. Amends Section 481.078, Government Code, by adding Subsection (g), to require at least 25 percent of the total amount of grants made from the Texas Enterprise Fund to be made to recipients that are small-business concerns or that commit to using the grants to create new small-business concerns. Defines "small-business concern."

SECTION 3. Effective date: September 1, 2005.