

SUBJECT: Changes to the Texas Emerging Technology Fund

COMMITTEE: Economic and Small Business Development — committee substitute recommended

VOTE: 7 ayes — J. Davis, Vo, Isaac, Murphy, Perez, Rodriguez, Workman
0 nays
2 absent — Bell, Y. Davis

WITNESSES: For — (*Registered, but did not testify:* Cathy Dewitt, Texas Association of Business)
Against — None
On — Patrick Boswell, Office of the Governor; Terry Hazell, Emerging Technology Fund Advisory

BACKGROUND: Government Code, ch. 490 establishes the Texas Emerging Technology Fund to provide awards to participants in certain technology industries. The advisory committee for the fund is made up of 17 appointed members. The lieutenant governor and the speaker of the House each make two appointments. The governor appoints the other 13 members based on nominations from elected leaders, higher education institutions, and others.

Under subchapter D, awards are made to entities collaborating with research institutions on emerging technology projects. To make a subchapter D award, the fund's advisory committee must submit a recommendation on a proposed award to the governor, lieutenant governor, and speaker of the House.

Sec. 490.152 calls for the creation of centers of innovation and commercialization in various parts of the state to help foster research and development.

DIGEST: CSHB 3162 would make changes to the Texas Emerging Technology Fund's advisory board, alter the approval process for making awards, and

create a fund manager position.

Fund board. The bill would change the name of the fund's advisory committee to the Texas Emerging Technology Fund Board. The board would be composed of 15 members. The governor, lieutenant governor, and speaker of the House of Representatives each would make five appointments to the board. Members of the board would not be compensated.

Approval process. Under the bill, regional centers of innovation and commercialization would have to make recommendations to the governor and board regarding recommended recipients of awards. In making a subchapter D award, the final decision would be made by the board, without need for approval from the governor, lieutenant governor, and speaker. For the governor to make a subchapter D award of money from the fund, prior approval of the board would be required. The bill would specifically provide for the kinds of research entities eligible for subchapter D awards.

Fund manager. The bill would create a fund manager, designated by the board, to manage the investments received by the governor in consideration of awards made. The fund manager would perform duties set forth by the board.

Other provisions. The bill would add to the required provisions in the governor's annual report to elected leaders a description of the types of securities the governor, on behalf of the state, has taken in companies that have received an award. The bill would change the reporting of the number of jobs created by each project to increments of 10.

The board would hold four regular meetings per year and would be allowed to use videoconferencing and other technologies subject to certain notice requirements. The bill would allow for closed meetings to consider matters such as testimony from an entity that would involve discussion of confidential information. Members of the advisory board appointed prior to the bill's effective date would serve until September 1, 2013.

The bill would take effect on September 1, 2013.