

## **BILL ANALYSIS**

Senate Research Center

H.B. 1188  
By: Morrison (Shapiro)  
S/C on Emerging Technologies & Economic Dev.  
5/8/2007  
Engrossed

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

H.B. 1765, Acts of the 79th Legislature, Regular Session, 2005, created the Texas Emerging Technology Fund (fund) as a way to help stimulate economic activity and development in Texas for emerging technologies. After a year-and-a-half of development and execution of the fund, revisions need to be made to help facilitate the operation of the fund.

H.B. 1188 enables additional investment vehicles such as equity, debt instruments, and grants to be used to provide awards. Additionally, the bill provides funding for the administration of the fund and assists in the development of regional centers of innovation.

### **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. Amends Section 490.001, Government Code, as added by Chapter 280, Acts of the 79th Legislature, Regular Session, 2005, by amending Subdivision (1) to redefine "committee" and adding Subdivision (4) to define "award."

SECTION 2. Amends Section 490.003(a), Government Code, as added by Chapter 280, Acts of the 79th Legislature, Regular Session, 2005, to provide that an emerging technology industry participant is eligible for funding under this chapter if the activity to be funded has the potential to result in a breakthrough in the area of clean energy.

SECTION 3. Amends the heading to Subchapter B, Chapter 490, Government Code, as added by Chapter 280, Acts of the 79th Legislature, Regular Session, 2005, to read as follows:

#### **SUBCHAPTER B. TEXAS EMERGING TECHNOLOGY ADVISORY COMMITTEE**

SECTION 4. Amends Section 490.051, Government Code, as added by Chapter 280, Acts of the 79th Legislature, Regular Session, 2005, to make a conforming change.

SECTION 5. Amends Section 490.052(b), Government Code, as added by Chapter 280, Acts of the 79th Legislature, Regular Session, 2005, to remove the Texas Higher Education Coordinating Board and the members of the Texas Workforce Commission from the list of persons who are authorized to nominate one or more individuals who are industry leaders in this state or who are nationally recognized leaders, rather than researchers, from public or private institutions of higher education in this state for appointment to the Texas Emerging Technology Advisory Committee (committee). Makes conforming changes.

SECTION 6. Amends Section 490.054, Government Code, as added by Chapter 280, Acts of the 79th Legislature, Regular Session, 2005, as follows:

Sec. 490.054. TERMS. Includes that the two-year terms that members of the committee serve, subject to the pleasure of the governor, are to be staggered.

SECTION 7. Amends Section 490.055, Government Code, as added by Chapter 280, Acts of the 79th Legislature, Regular Session, 2005, as follows:

Sec. 490.055. New heading: STAFF AND FUNDING. Requires necessary staffing and funding for the administration of the Texas emerging technology fund (fund), rather than the committee, to be provided by the office of the governor and by gifts, grants, and donations to that office. Deletes existing text requiring funding to also be provided by certain other public entities. Makes nonsubstantive changes.

SECTION 8. Amends Section 490.101, Government Code, as added by Chapter 280, Acts of the 79th Legislature, Regular Session, 2005, by amending Subsections (c), (f), and (g) and adding Subsections (h) and (i), as follows:

(c) Includes that the fund is authorized to be used for necessary staff, administration of the fund including administration by the office of the governor, and services and expenses related to the fund as provided for by Section 490.055.

(f) Authorizes the governor to negotiate on behalf of the state regarding awards from the fund, rather than awarding by grant money appropriated from the fund.

(g) Makes conforming changes.

(h) Authorizes the governor to make awards in the form of loans, charge and receive reasonable interest for the loans, take an equity position in the form of stock or other security in consideration of an award, and sell or otherwise trade or exchange the security for the benefit of the fund. Requires interest or proceeds received as a result of a transaction authorized by this subsection to be deposited to the corpus of the fund and authorizes interest and proceeds to be used in the same manner as the corpus of the fund.

(i) Authorizes the contract between the governor and a recipient of an award under this chapter to set the terms relating to an award.

SECTION 9. Amends Section 490.102(a), Government Code, as added by Chapter 280, Acts of the 79th Legislature, Regular Session, 2005, to include that the amounts necessary to administer the fund under Section 490.055 are not subject to the money appropriated to the fund by the legislature that is required to be allocated in a certain fashion. Decreases from 25 percent to 16.67 percent the amount of the fund that is allocated for research award, rather than grant, matching as provided by Subchapter E. Increases from 25 percent to 33.33 percent the amount of the fund that is allocated for acquisition of research superiority as provided by Subchapter F.

SECTION 10. Amends Section 490.103(a), Government Code, as added by Chapter 280, Acts of the 79th Legislature, Regular Session, 2005, to make conforming changes.

SECTION 11. Amends the heading to Subchapter D, Chapter 490, Government Code, to read as follows:

#### SUBCHAPTER D. INCENTIVES FOR COMMERCIALIZATION ACTIVITIES

SECTION 12. Amends Section 490.153, Government Code, as added by Chapter 280, Acts of the 79th Legislature, Regular Session, 2005, as follows:

Sec. 490.153. PRIORITY FOR FUNDING. (a) Creates this subsection from existing text. Requires that priority be given to certain proposals in allocating, rather than awarding, money from the fund, including proposals that may result in a breakthrough in the area of clean energy.

(b) Authorizes an amount not to exceed two percent of the amount allocated for a fiscal biennium for incentives under this subchapter to be invested directly in the regional centers of innovation and commercialization as recommended by the committee and approved by the governor, lieutenant governor, and speaker of the house of representatives to support commercialization activities.

SECTION 13. Amends Section 490.155, Government Code, as added by Chapter 280, Acts of the 79th Legislature, Regular Session, 2005, to make a conforming change.

SECTION 14. Amends Section 490.156(a), Government Code, as added by Chapter 280, Acts of the 79th Legislature, Regular Session, 2005, by requiring a person receiving, rather than awarded, money from the fund to use the money in accordance with a contract between the person and the office of the governor, rather than the committee.

SECTION 15. Amends the heading to Subchapter E, Chapter 490, Government Code, as added by Chapter 280, Acts of the 79th Legislature, Regular Session, 2005, to read as follows:

#### SUBCHAPTER E. RESEARCH AWARD MATCHING

SECTION 16. Amends the heading to Section 490.201, Government Code, as added by Chapter 280, Acts of the 79th Legislature, Regular Session, 2005, to read as follows:

Sec. 490.201. USE OF MONEY FOR RESEARCH AWARD MATCHING.

SECTION 17. Amends Section 490.202, Government Code, as added by Chapter 280, Acts of the 79th Legislature, Regular Session, 2005, to make conforming changes.

SECTION 18. Amends Section 490.253(a), Government Code, as added by Chapter 280, Acts of the 79th Legislature, Regular Session, 2005, by requiring the committee to review and consider, rather than solicit and identify, proposals by public institutions of higher education for certain purposes.

SECTION 19. Amends Section 490.254, Government Code, as added by Chapter 280, Acts of the 79th Legislature, Regular Session, 2005, to make conforming changes.

SECTION 20. Amends Section 490.255, Government Code, as added by Chapter 280, Acts of the 79th Legislature, Regular Session, 2005, to make a conforming change.

SECTION 21. (a) Provides that changes in law made by this Act to Sections 490.052 and 490.054, Government Code, as added by Chapter 280, Acts of the 79th Legislature, Regular Session, 2005, apply only to a member of the committee for a term beginning on or after September 1, 2007.

(b) Requires the committee members, at the first meeting of the committee after September 1, 2007, to draw lots to determine which eight members will serve one-year terms beginning on the date on which the next term beginning on or after September 1, 2007, begins.

SECTION 22. Effective date: September 1, 2007.