

SUBJECT: Change in the status of the Texas Manufacturing Institute

COMMITTEE: Business and Industry — committee substitute recommended

VOTE: 8 ayes — Brimer, Rhodes, Corte, Dukes, Elkins, Giddings, Solomons, Woolley
0 nays
1 absent — Janek

WITNESSES: For — Michael Deese, Ione Stanley
Against — None
On — Mike Klonsinski, Texas Department of Commerce; Kevin McIntyre, National Institute of Science and Technology; Ron Hinkle, Renee Mauzy

BACKGROUND : The Texas Manufacturing Institute was created in 1995 to promote the state's manufacturing capabilities. Members include representatives of government agencies, educational institutions, and other entities involved in promoting manufacturing.

DIGEST: CSHB 1168 would establish the Texas Manufacturing Institute (TMI) as a nonprofit corporation. An initial board of directors would be composed of the executive director, or designee, of the Texas Department of Commerce and one member each appointed by the speaker of the House, lieutenant governor, and participating entities. In its corporate bylaws, TMI would have to provide for a permanent board, whose members would include the executive director or designee of the Commerce Department and appointees of the speaker and lieutenant governor.
CSHB 1168 would authorize the Commerce Department to contract with TMI to provide state matching funds for federal grants. The contracts would have to adequately provide for state oversight of fund use.
Under CSHB 1168, information relating to the application, processes or use of products, technological or scientific information, computer programs and

other key business facts developed in part or fully by a TMI customer would be confidential and not subject to legal disclosure, regardless of whether the product or process could be patented or registered or could potentially be sold, traded, or licensed. TMI could obtain information on products and processes from applicants for or recipients of its services.

Members of the TMI board or other persons acting on behalf of the institute would not be personally liable for any contract, commitment or agreement executed for the institute or for any resulting damage or injury.

CSHB 1168 would take immediate effect if finally approved by a two-thirds record vote of the memberships of both houses.

**SUPPORTERS
SAY:**

CSHB 1168 would clarify the legal status of TMI and make it more efficient by setting it up as a legal nonprofit corporation. In two short years, the institute has shown it can be an effective force for economic development in Texas. Since 1995, TMI, working with the Department of Commerce has helped more than 700 small manufacturers across the state by offering information, ideas and technical assistance in an advisory capacity.

However, there are limits as to what an “advisory” group can do. Reconstituting TMI as an independent nonprofit corporation would allow it to execute contracts and assistance agreements with small businesses and manufacturers in Texas, thus leading to higher levels of cooperation between the public and private sectors in the state. Furthermore, the bill would allow the Commerce Department to contract with the institute, enabling the state to pull down federal matching funds that it might otherwise have lost.

The bill's confidentiality features would reassure manufacturers working with TMI that any trade secrets or similar discoveries shared with TMI would not be stolen by a competitor or accidentally revealed through the use of open records laws.

**OPPONENTS
SAY:**

No apparent opposition.

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NOTES: The committee substitute required nonprofit status for TMI and authorized Department of Commerce contracts with TMI.