

**SUBJECT:** Promotion by the comptroller of Texas manufactured products

**COMMITTEE:** Economic Development — committee substitute recommended

**VOTE:** 5 ayes — Deshotel, Straus, Kolkhorst, Morrison, Veasey  
1 nay — Dunnam  
1 present not voting — Ortiz

**WITNESSES:** For — Robert Howden, Texas Association of Manufacturers (*Registered, but did not testify*: Cathy DeWitt, Texas Association of Business; Cindy McCauley, Lyondell Chemical; Linda Sickels, Trinity Ind. Inc.; Jim Wehmeier, Lufkin Economic Development Corporation)  
Against — None  
On — (*Registered, but did not testify*: Delane Caesar, Comptroller's Office)

**DIGEST:** CSHB 3446 would allow the comptroller of public accounts to establish and administer a "Genuine Texas Program" to develop and expand markets for products manufactured in this state.

If the comptroller chose to establish such a program, the comptroller would:

- design, administer, and determine the process of evaluating applications for the use of a logo;
- develop procedures for administering program funding;
- develop a general promotional campaign and specific advertising campaigns for products manufactured in Texas;
- contract with media specialists to distribute promotional materials; and
- receive gifts, grants, or donations from any source and establish reporting requirements for the use of such funding.

In addition, the comptroller could:

- use available money to buy food and drinks for promotional events;
- sell items such as clothing, posters, or banners to promote Texas manufactured products; and
- use the comptroller's web site sell or advertise these products.

The bill would allow the comptroller to appoint an advisory board to assist with program implementation. Members would serve without compensation, but would receive reimbursement for actual expenses related to the performance of board duties. The board would advise the comptroller on rules and procedures pertaining to program administration, and the comptroller would provide necessary staff to the board.

To cover the program costs, the comptroller could charge an annual fee of up to a \$100 for use of the Genuine Texas logo by participants. The comptroller could temporarily suspend or terminate the use of the logo by a person who used, reproduced, or distributed it without permission.

Unauthorized logo use and other violations under CSHB 3446 would be subject to an administrative or a civil penalty of up to \$500. Violations occurring on different days could be considered separate violations. The amount of penalty would be based on:

- severity of the violation;
- history of previous violations;
- amount of money necessary to deter future violations; and
- efforts made by the individual to correct the violation.

The enforcement of the penalty would be delayed while the order was under judicial review if the person paid the penalty to the court or filed an affidavit indicating that the person was unable to pay. If requested by the comptroller, a county or district attorney would file a suit to collect the civil penalty. The penalty would be deposited to the general revenue fund. The comptroller also could request a county or district attorney to file an injunctive relief suit to prevent or abate a violation of the chapter.

The bill would take effect September 1, 2007.

**SUPPORTERS  
SAY:**

CSHB 3446 would allow the comptroller to create a program to promote products that are a genuine source of pride for manufacturers and consumers in Texas. The Genuine Texas logo would serve as a widely recognized symbol for consumers who want to purchase products manufactured in Texas. By enhancing awareness about locally manufactured products, the bill would benefit the manufacturing industry and help Texas compete in the increasingly global economy.

Texas' economy lost 181,000 manufacturing jobs between 1999 and 2004. In the face of cheap sources of labor from countries such as China and India, the state's manufacturing sector needs this program to better compete in the global market. With the Genuine Texas program, manufacturers across Texas could share the objective of competing and excelling on an international scale.

Displaying the logo on Texas products would spur growth in the manufacturing sector and benefit individuals and families across the state. Already, the manufacturing industry represents a vital segment of the state's economy. Texas leads the nation in exportation of manufactured products and is home to more than 914,000 manufacturing jobs. Texas manufacturing jobs pay more than \$18 an hour, representing a better rate than retail, construction, and many health care jobs.

The idea for this logo originated with the Texas Manufacturer's Caucus, a bipartisan group of more than 80 House members and senators. This group promotes public policy to support Texas' manufacturing community.

**OPPONENTS  
SAY:**

A Genuine Texas program promoting Texas manufactured goods may be a good idea, but giving the comptroller authority over the program is not. The "Go Texan" program, which promotes agricultural products from Texas, is administered by the Department of Agriculture. Similarly, the Genuine Texas program should be administered by an agency that is more familiar with the manufacturing industry.

**NOTES:**

Unlike the bill as introduced, the committee substitute would:

- allow the comptroller to charge businesses applying for use of the Genuine Texas logo a maximum of \$100, rather than \$25;
- allow the comptroller temporarily to suspend or terminate the right of an individual to use the logo following a violation, rather than outright prohibiting future use by violators; and

- allow, rather than require, a county or district attorney to file a suit to collect a penalty.

The companion bill, SB 1468 by Eltife, is pending in the Senate Subcommittee on Emerging Technology and Economic Development.