

SUBJECT: Limiting the Texas Enterprise Fund to recipients providing health plans

COMMITTEE: Economic Development — favorable, without amendment

VOTE: 5 ayes — Deshotel, Straus, Morrison, Ortiz, Veasey
0 nays
2 absent — Kolkhorst, Dunnam

SENATE VOTE: On final passage, May 4 — 26-5 (Brimer, Harris, Nelson, Nichols, Shapiro)

WITNESSES: *(On similar House bill, HB 2572 by Thompson:)*
For — John Hawkins, Texas Hospital Association; *(Registered, but did not testify:* Rick Levy, Texas AFL-CIO; Ted Melina Raab, Texas Federation of Teachers)

Against — *(Registered, but did not testify:* Shelton Green, Texas Association of Business)

On — Michael Chrobak, Office of the Governor

BACKGROUND: The Texas Enterprise Fund (TEF) is an incentive program that is used to attract new businesses to the state and to assist in the expansion of existing businesses. The money from the TEF may be used only for economic development, infrastructure development, job training, and business incentives. Grant recipients must demonstrate a significant return on the state's investment, and projects must meet performance targets, including job creation and wage goals, capital investment goals, and public and private sector financial support.

DIGEST: SB 1023 would amend Government Code, sec. 481.078 to limit the award of grants from the TEF to a recipient who committed by agreement to provide a health benefit plan to the full-time employees who were employed in a facility or activity financed by the grant.

The bill would take effect September 1, 2007.

**SUPPORTERS
SAY:**

SB 1023 would require recipients of TEF grants to provide a health benefit plan for full-time employees, which would discourage the practice of making the community and the state subsidize uninsured health care. The bill is necessary because fiscal pressures on communities that provide care for the increasing numbers of uninsured individuals continue to grow and compete negatively with other community needs.

The bill also would assure that money provided by the TEF would truly benefit the community by providing jobs that offered health coverage. Data from the Texas Department of Insurance show that the vast majority of uninsured adults in Texas are employed or in families in which a member is employed. Additionally, the availability of health benefits long has been a reason that employees switch jobs. The availability of health benefits can be a key factor in job satisfaction and employee retention.

No application for TEF funds has been approved for a recipient that did not provide or indicate that it would provide health benefits. The bill simply would assure that the award of TEF grants continued to be linked to this beneficial practice.

**OPPONENTS
SAY:**

SB 1023 inappropriately would disqualify otherwise eligible employers who did not offer health benefits from receiving TEF funds. Texas should not penalize employers who cannot afford to offer health benefits, which have become prohibitively expensive for many employers.

NOTES:

A similar bill, HB 2572 by Thompson, was reported favorably, without amendment, by the House Economic Development Committee on March 28.