

SUBJECT: Establishing the Texas Semiconductor Innovation Consortium

COMMITTEE: State Affairs — committee substitute recommended

VOTE: 10 ayes — Hunter, Hernandez, Dean, Geren, Metcalf, Raymond, Slawson, Smithee, Spiller, Turner

0 nays

3 absent — Anchía, Guillen, S. Thompson

WITNESSES: For — (*Registered, but did not testify:* Travis Krogman, Austin Chamber of Commerce; Rebecca Young Montgomery, Coalition East Tarrant County Chambers; Matthew Gardia, Dallas Regional Chamber; Rebecca Young Montgomery, Greater Arlington Chamber of Commerce; Christian Bionat, Greater Houston Partnership; Fred Shannon, HP and Applied Materials; Shawn Hall Lecuona, Kri’ah b’shalom; Patrick Brophrey, North Texas Commission; Stacy Schmitt, Opportunity Austin; Zach Scott, Round Rock Chamber; Dana Harris, Samsung Austin Semiconductor; Cacie Madrid, San Antonio Chamber of Commerce; Marina Gonzales, San Antonio Hispanic Chamber of Commerce; Robert Nathan, Schneider Electric; Servando Esparza, TechNet; Megan Mauro, Texas Association of Business; Martin Gutierrez, Texas Hispanic Chamber of Commerce Coalition)

Against — (*Registered, but did not testify:* Cary Cheshire)

BACKGROUND: Some have suggested that a strategic long-term plan for the research and development of semiconductors could help the state remain on the forefront of technology and national defense.

DIGEST: CSHB 5174 would establish the Texas Semiconductor Innovation Consortium as an advisory panel to the governor and the Legislature in order to:

- leverage the expertise and capacity of higher education institutions,

- industry, and nonprofit stakeholders to develop a comprehensive plan to ensure ongoing semiconductor innovation;
- sustain the state's leadership in advanced semiconductor research, design, and manufacturing;
 - attract semiconductor investment;
 - identify and expand opportunities for workforce training and development related to semiconductors; and
 - establish a forum for semiconductor industry stakeholders to focus on education, research and development, and commercial production.

The consortium would be composed of a designee from certain higher education institutions across the state.

The executive committee of the consortium could appoint other entities or individuals it considered necessary to the consortium. In making appointments, priority would have to be given to individuals with semiconductor design and manufacturing experience.

The consortium would be governed by an executive committee composed of the chancellors of the Texas A&M University System and The University of Texas System or their designees and other members appointed by the governor, the lieutenant governor, and the speaker of the House. In making appointments, the bill would require that priority be given to individuals with experience in manufacturing, design, industrial development, academic research, and scientific research in the semiconductor field. At least two representatives from the semiconductor design and manufacturing sectors with an established presence in the state would have to be included among the appointed members.

The committee would be required to:

- develop and execute a comprehensive plan to further the consortium's established objectives;
- solicit recommendations from consortium members on funding and research opportunities;

- appoint an executive director of the consortium; and
- prepare and submit a biennial report to the governor and the Legislative Budget Board (LBB) as prescribed by the bill.

CSHB 5174 would create the Texas Semiconductor Innovation Fund as a dedicated account within the general revenue fund, consisting of gifts, grants, donations, and money from any other source designated by the Legislature. The fund could be used to provide matching funds for relevant projects, award grants, and pay for staff support services as approved by the LBB.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2023.

NOTES:

According to the Legislative Budget Board, CSHB 5174 would have an estimated negative impact of about \$1.7 million to general revenue related funds through fiscal 2024-25. The bill would have an additional indeterminate cost related to the grant program it would establish.