

BILL ANALYSIS

Senate Research Center

H.B. 394
By: Rose et al. (Van de Putte)
Economic Development
4/16/2009
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Enterprise Fund (TEF) was created to attract new jobs and employers to Texas. The fund is intended to create economic development incentives, but there are currently no statutory requirements in place specifying how the grants are awarded, although applicants generally are judged on job creation and wages, capital investments, financial strength, business history, and public/private sector support. More specifically, there is nothing encouraging the incentives to be directed to promote small business development.

Small businesses in Texas deserve to receive the same opportunities from the state to foster their businesses. Small businesses create two-thirds of all new jobs in the state, but too often, small business owners need help in developing their business plans and succeeding. If they were able to receive grant money from the TEF, they could more easily establish their role as prominent contributors to the state's economy.

H.B. 394 requires the governor to consider making TEF grants to small-businesses in this state that commit to create additional jobs, small businesses from outside the state that commit to relocate to this state or for individual projects that create 100 or fewer jobs. H.B. 394 requires the governor to consider making grants to historically underutilized businesses and encourage the governor to consider making grants to small businesses where the provision of renewable energy is their primary purpose. Additionally, this bill requires the governor to give priority to a small business over a business that provides any of the grant funding to an executive in the form of compensation above the executive's base salary.

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. Sets forth a policy statement.

SECTION 2. Amends Section 481.078, Government Code, by adding Subsections (k), (l), (m) (n), and (o), as follows:

(k) Requires the governor, to encourage the development and location of small businesses in this state, to consider making grants from the Texas Enterprise Fund (fund) to recipients that are small businesses in this state that commit to using the grants to create additional jobs; to recipients that are small businesses from outside the state that commit to relocate to this state; or for individual projects that create 100 or fewer additional jobs.

(l) Defines, for purposes of Subsection (k), "small business."

(m) Requires the governor, in making grants under Subsection (k), to consider making grants from the fund to historically underutilized businesses, as defined by Section 2161.001 (Definitions).

(n) Requires the governor, in deciding to award a grant under Subsection (k), to give priority to a small business over a business that pays any of the grant funds to an executive in the form of compensation above the executive's base salary.

(o) Provides that the governor is encouraged to consider making grants from the fund to support the establishment and expansion of small businesses in this state that have as their primary purpose the provision of energy derived from renewable energy technology, as defined by Section 39.904(d) (Goal for Renewable Energy), Utilities Code.

SECTION 3. Effective date: September 1, 2009.