

BILL ANALYSIS

Senate Research Center
82R18776 KFF-D

H.B. 2457
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Economic Development
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Enterprise Fund (fund) was created by the 78th Legislature as a "deal closing" fund to bring new businesses to the state. Each eligible project must undergo a rigorous analysis to determine its worthiness, including the number of jobs created and the rate of return for use of public dollars. The amount of money promised to these businesses directly relates to the number of jobs provided, and the impact of those jobs on the economy. The governor, lieutenant governor, and speaker of the house of representatives must unanimously agree to support the use of the fund for each specific project.

During the recent economic downturn, several recipients of the fund found that they would not be able to expand as rapidly as hoped, and promised jobs would not be materializing. The governor's office amended several contracts, taking into account the projected loss to the economy as a result of those unrealized jobs. The amended contracts resulted in businesses returning some funds to the state.

The governor, lieutenant governor, and speaker of the house of representatives are all involved in the initial awarding of the contracts, but not in the amending of contracts. Due to constitutional concerns, all three cannot become deeply involved in contracts, thus all three cannot be intimately involved in the amending of contracts. However, for the sake of transparency, all three should have knowledge of those amendments.

H.B. 2457 requires the governor to notify the lieutenant governor and speaker of the house of representatives 14 days prior to amending contracts.

H.B. 2457 amends current law relating to the amendment of Texas Enterprise Fund grant agreements.

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. Amends Section 481.078, Government Code, by adding Subsection (h-1) to require the governor, at least 14 days before the date the governor intends to amend a grant agreement, to notify and provide a copy of the proposed amendment to the speaker of the house of representatives, the lieutenant governor, and the presiding officers of the standing committees of both houses of the legislature with primary jurisdiction over economic development.

SECTION 2. Effective date: September 1, 2011.