

RESOLUTION ANALYSIS

C.S.H.J.R. 64
By: Elkins
Government Transparency & Operation
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties assert that the development and commercialization of technology by institutions of higher education are critical components of the educational and research missions of those institutions, including those that are members of certain medical centers, and key contributors to the economic development and well-being of the state. Some of these institutions report that insufficient funding has created a gap between the development of technologies and actual commercialization. The parties also assert that Texas has fallen in rank with respect to venture funding for start-ups, with many start-ups relocating from Texas to other states for funding. The parties further assert that, although Texas has a positive business climate and considerable resources, the state could cultivate more start-ups by providing certain incentives, such as a tax exemption for certain research technology corporations created by an institution of higher education. C.S.H.J.R. 64 seeks to provide for this exemption.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this resolution does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this resolution does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.J.R. 64 proposes an amendment to the Texas Constitution to authorize the legislature by general law to exempt from property taxation the ownership interest of a university research technology corporation in real and tangible personal property, the ownership interest of a nonprofit medical center development corporation in real and tangible personal property leased to or used or occupied primarily by a university research technology corporation, or the leasehold interest of a university research technology corporation in real and tangible personal property leased from a nonprofit medical center development corporation. The resolution defines "university research technology corporation" as a special-purpose corporation created to develop and commercialize technologies that are owned wholly or partly by a public or private institution of higher education in Texas or by a nonprofit medical center development corporation with members that are institutions of higher education in Texas. The resolution authorizes the legislature to impose eligibility requirements for the exemption.

ELECTION DATE

The constitutional amendment proposed by this joint resolution will be submitted to the voters at an election to be held November 3, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.J.R. 64 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the resolution.

INTRODUCED

SECTION 1. Article VIII, Texas Constitution, is amended by adding Section 1-p to read as follows:

Sec. 1-p. (a) The legislature by general law may exempt from ad valorem taxation the real and tangible personal property owned by a research technology corporation that is created by a public or private institution of higher education in this state to develop and commercialize technologies that are owned wholly or partly by the institution.

(b) The legislature may impose eligibility requirements for an exemption authorized by this section.

SECTION 2. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 3, 2015. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment authorizing the legislature to provide for an

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Article VIII, Texas Constitution, is amended by adding Section 1-p to read as follows:

Sec. 1-p. (a) In this section, "university research technology corporation" means a special-purpose corporation created to develop and commercialize technologies that are owned wholly or partly by a public or private institution of higher education in this state or by a nonprofit medical center development corporation with members that are institutions of higher education in this state.

(b) The legislature by general law may exempt from ad valorem taxation:

(1) the ownership interest of a university research technology corporation in real and tangible personal property;

(2) the ownership interest of a nonprofit medical center development corporation in real and tangible personal property leased to or used or occupied primarily by a university research technology corporation; or

(3) the leasehold interest of a university research technology corporation in real and tangible personal property leased from a nonprofit medical center development corporation.

(c) The legislature may impose eligibility requirements for an exemption authorized by this section.

SECTION 2. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 3, 2015. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment authorizing the legislature to provide for an

exemption from ad valorem taxation of certain property owned by research technology corporations created by public or private institutions of higher education to develop and commercialize technologies owned by the institutions."

exemption from ad valorem taxation of certain property owned by or leased to or by a university research technology corporation."