

BILL ANALYSIS

Senate Research Center
79R1561 DWS-D

S.B. 105
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S/C on Emerging Technologies and Development
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As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The \$295 million Texas Enterprise Fund (fund) was established in 2003 to offer direct cash payments to businesses in order to promote economic growth and create jobs. The governor administers the fund, which is viewed as a deal-closer to persuade businesses to develop and/or relocate within Texas. As of January 3, 2005, the fund had allocated \$205.6 million in grants to 17 different entities. These entities have promised to create a total of 22,846 jobs in Texas at a cost to the fund of almost \$9,000 per job. According to the Center for Public Policy Priorities, only 275 of the promised jobs have been created by grant recipients to date. Unfortunately, there is no public information available regarding the quality of these jobs.

One of the main purposes of the fund is to serve as a job-creation tool for the state. It is important that the jobs being created are quality jobs that will both stimulate Texas' economy and support economic stability and growth for Texas families. As a result, the public must have access to information that allows them to determine whether the jobs being created meet these criteria. Further, the legislature, in determining the future direction of the fund, must have information regarding the use of the fund. The governor has recently requested that the legislature renew the fund for the next two years with an additional \$300 million. If the legislature is to do so, more information must be publicly available in a detailed report issued by the governor regarding the use of the fund and, specifically, fund-financed jobs.

The required report will also serve to address various concerns that have arisen regarding the fund. While the fund was created to be a statewide economic development tool from which the entire state will benefit, some feel that the fund grants have not been distributed to all regions of the state in a fair or equitable manner. A detailed report would thus serve to inform the public of the fund's use and the quality and location of the jobs that have been promised by grant recipients. Additionally, the public will be informed of the true efficacy of the fund by detailing the number of jobs that are actually created when compared with the number of jobs the recipients have promised to create.

As proposed, S.B. 105 requires the governor, prior to each regular session of the legislature, to submit to the legislature a report on grants of fund money. The report must include the number of direct jobs promised and created by each grant-recipient, specific details regarding the created jobs, and the geographical distribution of grants by county. The report must also indicate the number of recipient-created jobs with full health benefits, the median wage of the recipient-created jobs, and the percentage of money granted to small businesses.

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 Subchapter E, Chapter 481, Government Code, by adding Section 481.079, as follows:

Sec. 481.079. REPORT ON USE OF MONEY IN TEXAS ENTERPRISE FUND. (a)
Requires the governor, before the beginning of each regular session of the legislature, to submit to the lieutenant governor, speaker of the house of representatives, and each other

member of the legislature a report on grants made under Section 481.078 (Texas Enterprise Fund), that contains certain information.

(b) Prohibits the report from including information that is made confidential by law.

(c) Authorizes the governor to require a recipient of a grant under Section 481.078 to submit, on a form the governor provides, information required to complete the report.

SECTION 2. Effective date: September 1, 2005.