

BILL ANALYSIS

Senate Research Center
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H.B. 2466
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Natural Resources & Economic Development
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 2466 adds a new subchapter (Subchapter G) to Chapter 489 of the Texas Government Code to establish the Texas Technology and Innovation Program. The purpose of the program is to foster job creation and economic development in Texas by matching or supplementing money received by a business entity through the federal funding program, which includes the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs.

To be eligible for the program, a business entity must meet certain requirements, such as being organized under the laws of Texas, maintaining a domestic headquarters or manufacturing facility in Texas, and meeting all requirements to receive money under the federal funding program. A business entity may apply to receive money under the program by submitting an application to the Texas Economic Development and Tourism Office (office) on a form prescribed by the office.

The office may award grants under three phases of the program: phase zero, phase one, and phase two. A business entity may not receive more than one grant in each state fiscal year and may not receive more than five grants in each phase. The Texas Technology and Innovation Trust Fund is established as a trust fund outside the treasury to provide additional funding for grants awarded under this subchapter.

The Texas Economic Development and Tourism Office is required to adopt rules necessary to implement Subchapter G, Chapter 489, as added by this Act as soon as practicable after the effective date of this Act.

H.B. 2466 amends current law relating to the creation of the Texas technology and innovation program.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Economic Development and Tourism Office in SECTION 2 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 489, Government Code, by adding Subchapter G, as follows:

SUBCHAPTER G. TEXAS TECHNOLOGY AND INNOVATION PROGRAM

Sec. 489.351. DEFINITIONS. Defines "federal funding program" and "program."

Sec. 489.352. ESTABLISHMENT AND ADMINISTRATION OF PROGRAM. Requires the Texas Economic Development and Tourism Office (office) to establish and administer the Texas technology and innovation program (program) to foster job creation and economic development in this state by matching or supplementing money received by a business entity through the federal funding program.

Sec. 489.353. ELIGIBILITY. Requires a business entity, to be eligible to receive money under the program, to:

- (1) meet at least one of the following conditions:
 - (A) be organized under the laws of this state;
 - (B) maintain a domestic headquarters in this state;
 - (C) maintain at least one manufacturing facility in this state; or
 - (D) have more than half of the entity's employees residing in this state;
- (2) meet all requirements to receive money under the federal funding program;
- (3) not receive concurrent funding from another state program or fund that serves the same purpose as the program; and
- (4) meet any additional requirements under this subchapter for the applicable phase under which the business entity applies to receive money.

Sec. 489.354. APPLICATION. (a) Authorizes a business entity to apply to receive money under the program by submitting an application under oath to the office on a form prescribed by the office. Requires that the application include:

- (1) the business entity's name;
 - (2) the business entity's business organization structure;
 - (3) the business entity's address and any principals listed at a different address;
 - (4) certification of the information required under Section 489.353; and
 - (5) any other information required by the office.
- (b) Requires a business entity, in addition to the requirements of Subsection (a), to provide to the office, as applicable:
- (1) for "phase zero" or a similar stage of the federal funding program process, a notification of receipt for an application for funding under the federal funding program;
 - (2) for "phase one" or a similar stage of the federal funding program process:
 - (A) a notice of award to the entity from a funding agency under the federal funding program;
 - (B) a final report for the applicable stage as required by the federal funding program; and
 - (C) a proposal for money under the next stage of the federal funding program; and
 - (3) for "phase two" or a similar stage of the federal funding program process:
 - (A) a notice of award to the entity from a funding agency under the federal funding program; and

(B) a final report for the applicable stage as required by the federal funding program.

Sec. 489.355. AWARD OF GRANT; LIMITATIONS. (a) Authorizes the office to award a "phase zero" grant under this subchapter immediately on fulfillment of the requirements under Section 489.354(b)(1).

(b) Authorizes the office to award a "phase one" grant under this subchapter immediately on fulfillment of the requirements under Section 489.354(b)(2).

(c) Authorizes the office to award a "phase two" grant under this subchapter immediately on fulfillment of the requirements under Section 489.354(b)(3).

(d) Authorizes a business entity to assign a grant received under this subchapter only with the prior written consent of the office.

(e) Prohibits a business entity from receiving more than:

(1) one grant in each state fiscal year; and

(2) five grants in each phase under this section.

Sec. 489.356. FUNDING. (a) Requires the office to award grants as provided by this subchapter from available money and any additional money appropriated for purposes of this subchapter.

(b) Authorizes the office to solicit and receive gifts, grants, and donations from any source to provide additional funding for grants awarded under this subchapter.

Sec. 489.357. TEXAS TECHNOLOGY AND INNOVATION TRUST FUND. (a) Defines "fund."

(b) Provides that the Texas technology and innovation trust fund (fund) is created as a trust fund outside the treasury and is required to be administered by the office.

(c) Provides that the fund consists of:

(1) gifts, grants, and donations to the office received under this subchapter; and

(2) money from any other source designated by the legislature.

(d) Prohibits money in the fund from being spent unless the office certifies to the Comptroller of Public Accounts of the State of Texas that a business entity qualifies for a grant awarded under this subchapter.

(e) Authorizes money in the fund to be used only for a grant awarded under Section 489.355(b) or (c).

SECTION 2. Requires the office to adopt the rules necessary to implement Subchapter G, Chapter 489, Government Code, as added by this Act, as soon as practicable after the effective date of this Act.

SECTION 3. Effective date: September 1, 2023.