

BILL ANALYSIS

C.S.H.B. 2785
By: Davis, John
Economic & Small Business Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Many signs point to a recovering economy and rebounding business investment. In an effort to jump-start their economies, many states are reviewing incentives to attract new investment and, in some cases, are becoming more aggressive in using those incentives. Over time, Texas has developed a variety of economic development incentives administered through a number of state agencies, from temporary tax relief to direct state grants and subsidies. These incentives have evolved without a comprehensive review of their effectiveness, how they compare with other states' efforts, whether they appropriately target the correct economic activity, how they should be evaluated, or how they can be coordinated with other incentives to be most effective. C.S.H.B. 2785 seeks to address some of these issues by creating a Select Committee on Economic Development to study and make recommendations on incentives for economic development.

RULEMAKING AUTHORITY

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

ANALYSIS

C.S.H.B. 2785 establishes the Select Committee on Economic Development composed of 12 members appointed as follows: four public members appointed by the governor, two of whom must be owners or employees of a business with significant operations in Texas and one of whom must be a member of the governing body of a municipality or county; two public members appointed by the lieutenant governor, one of whom must be an owner or employee of a business with significant operations in Texas; two members of the senate appointed by the lieutenant governor; two public members appointed by the speaker of the house of representatives, one of whom must be an owner or employee of a business with significant operations in Texas; and two members of the house appointed by the speaker. The bill requires appointments to be made as soon as possible after the bill's effective date, but not later than November 1, 2011, requires the governor to select the presiding officer of the committee from among its members, and requires the committee to meet at the call of the presiding officer.

C.S.H.B. 2785 requires the committee to do the following:

- recommend to the legislature an economic development policy for the state;
- conduct a study and make recommendations to the legislature regarding state and local economic development incentives;
- develop criteria for evaluating the effectiveness of existing economic development policies and incentives in Texas and make recommendations the committee considers necessary to improve those policies and incentives, taking into account specified criteria;
- consider the benefits of consolidating state and local economic development incentives into a single statewide office or agency;

- evaluate existing state or local economic development incentives and make recommendations regarding the continuation, elimination, or modification of those incentives based on the criteria developed under the bill's provisions; and
- make recommendations on whether the state should adopt new incentives to better accomplish the state's economic development policy.

C.S.H.B. 2785 requires the committee, not later than January 1, 2013, to submit a report of the committee's findings, studies, and recommendations to the governor, the lieutenant governor, the speaker, and each member of the legislature. The bill requires the Legislative Budget Board, Texas Legislative Council, office of the governor, senate, and house of representatives on the committee's request to provide the staff necessary to assist the committee in performing its duties. The bill authorizes the committee to request the assistance of a state agency, department, or office if needed to perform the duties of the committee and requires those entities to provide the committee with the requested assistance. The bill requires the operating expenses of the committee to be paid from available funds of the office of the governor, the senate, and the house of representatives, as agreed to by those entities. The bill requires a public member of the committee, when attending committee meetings, to be allowed the same mileage and per diem as are allowed members of the legislature who attend a committee meeting when the legislature is not in session. The bill defines "committee" and sets out the purpose of its provisions as ensuring that economic development initiatives in Texas are effective, appropriate, and reflect sound economic principles. The bill abolishes the committee and provides for the expiration of its provisions on September 1, 2013.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2785 contains a provision not included in the original setting out the purpose of its provisions.

C.S.H.B. 2785 differs from the original by requiring certain public members appointed to the Select Committee on Economic Development to be owners or employees of a business with significant operations in Texas, whereas the original requires the members to be owners or employees of a business with its principal place of business in Texas.

C.S.H.B. 2785 differs from the original by requiring the governor to select the presiding officer of the committee, whereas the original requires the speaker of the house of representatives and the lieutenant governor to jointly select the presiding officer.

C.S.H.B. 2785 differs from the original, in provisions setting out the committee's duties, by requiring the committee to recommend to the legislature an economic development policy for the state, whereas the original requires the committee to develop an economic development policy for the state and make recommendations to the legislature regarding the policy.