

AN ACT

relating to the creation of the Select Committee on Economic Development.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. PURPOSE. The purpose of this Act is to ensure that economic development initiatives in this state are effective in encouraging new investment, employment, and income and in retaining existing facilities and employment. The economic development incentives must be appropriately sized and directed and administratively efficient and must allow this state to compete with other states. It is the intent of the legislature to develop objective criteria to evaluate the state's economic development initiatives that reflect sound economic principles appropriately applied in light of the diverse nature of the initiatives and the state's economy.

SECTION 2. DEFINITION. In this Act, "committee" means the Select Committee on Economic Development.

SECTION 3. COMPOSITION. (a) The Select Committee on Economic Development is composed of 12 members as follows:

(1) four public members appointed by the governor:

(A) two of whom must be owners or employees of a business with significant operations in this state; and

(B) one of whom must be a member of the governing body of a municipality or county;

1 (2) two public members appointed by the lieutenant
2 governor, one of whom must be an owner or employee of a business
3 with significant operations in this state;

4 (3) two members of the senate appointed by the
5 lieutenant governor;

6 (4) two public members appointed by the speaker of the
7 house of representatives, one of whom must be an owner or employee
8 of a business with significant operations in this state; and

9 (5) two members of the house of representatives
10 appointed by the speaker of the house of representatives.

11 (b) Each individual required to make an appointment under
12 Subsection (a) of this section shall make the appointment as soon as
13 possible after the effective date of this Act, but not later than
14 November 1, 2011.

15 SECTION 4. PRESIDING OFFICER; MEETINGS. (a) The governor
16 shall select the presiding officer of the committee from among the
17 committee members.

18 (b) The committee shall meet at the call of the presiding
19 officer.

20 SECTION 5. COMMITTEE DUTIES. The committee shall:

21 (1) recommend to the legislature an economic
22 development policy for the state;

23 (2) conduct a study and make recommendations to the
24 legislature regarding state and local economic development
25 incentives;

26 (3) develop criteria for evaluating the effectiveness
27 of existing economic development policies and incentives in this

1 state and make recommendations the committee considers necessary to
2 improve those policies and incentives, taking into account:

3 (A) aspects of the state and local tax systems
4 that encourage or hinder economic activity in the state;

5 (B) the types or categories of businesses
6 eligible for incentives and whether the promotion or encouragement
7 of a specific type or category of business activity is in the best
8 long-term interest of the state and the citizens of this state;

9 (C) the extent to which an incentive should
10 encourage the maintenance or expansion of existing capital
11 investment within this state or attract new capital investment from
12 outside this state;

13 (D) the extent to which an incentive should
14 encourage the retention or expansion of existing employment within
15 this state or encourage the creation of additional employment,
16 either at existing or new business locations in this state;

17 (E) the direct effects of the business activity
18 qualifying for the incentive and the indirect and induced effects
19 associated with that activity on capital investment, employment,
20 wages, salaries, state and local tax revenues, and demands for
21 state or local public services;

22 (F) how the incentives offered in this state
23 compare to those available in other states or countries, and how
24 those differences affect business decisions to invest in this state
25 or outside this state; and

26 (G) whether and to what extent a particular
27 incentive should take the form of a direct grant of state or local

1 revenue, the abatement, deferral, or limitation of a state or local
2 tax, fee, or assessment, the provision of a specific service or
3 program designed to benefit the business, or other direct or
4 indirect financing mechanism;

5 (4) consider the benefits of consolidating state and
6 local economic development incentives into a single statewide
7 office or agency;

8 (5) evaluate existing state or local economic
9 development incentives and make recommendations regarding the
10 continuation, elimination, or modification of those incentives
11 based on the criteria developed under Subdivision (3) of this
12 section; and

13 (6) make recommendations on whether the state should
14 adopt new incentives to better accomplish the state's economic
15 development policy.

16 SECTION 6. REPORT. Not later than January 1, 2013, the
17 committee shall submit a report of the committee's findings,
18 studies, and recommendations to:

- 19 (1) the governor;
- 20 (2) the lieutenant governor;
- 21 (3) the speaker of the house of representatives; and
- 22 (4) each member of the legislature.

23 SECTION 7. STAFF. On the committee's request, the
24 Legislative Budget Board, Texas Legislative Council, office of the
25 governor, senate, and house of representatives shall provide the
26 staff necessary to assist the committee in performing its duties.

27 SECTION 8. COOPERATION OF STATE AGENCY, DEPARTMENT, OR

1 OFFICE. If needed to perform the duties of the committee, the
2 committee may request the assistance of a state agency, department,
3 or office. The state agency, department, or office shall provide
4 the committee with the requested assistance.

5 SECTION 9. EXPENSES. (a) The operating expenses of the
6 committee shall be paid from available funds of the office of the
7 governor, the senate, and the house of representatives, as agreed
8 to by those entities.

9 (b) When attending committee meetings, a public member of
10 the committee shall be allowed the same mileage and per diem as are
11 allowed members of the legislature who attend a committee meeting
12 when the legislature is not in session.

13 SECTION 10. EXPIRATION DATE. The committee is abolished
14 and this Act expires September 1, 2013.

15 SECTION 11. EFFECTIVE DATE. This Act takes effect
16 September 1, 2011.

President of the Senate

Speaker of the House

I certify that H.B. No. 2785 was passed by the House on April 7, 2011, by the following vote: Yeas 143, Nays 1, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2785 was passed by the Senate on May 9, 2011, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor