

1-1 By: J. Davis of Harris, Reynolds, Murphy H.B. No. 2785
1-2 (Senate Sponsor - Shapiro
1-3 (In the Senate - Received from the House April 11, 2011;
1-4 April 26, 2011, read first time and referred to Committee on
1-5 Economic Development; May 5, 2011, reported favorably by the
1-6 following vote: Yeas 5, Nays 0; May 5, 2011, sent to printer.)

1-7 A BILL TO BE ENTITLED
1-8 AN ACT

1-9 relating to the creation of the Select Committee on Economic
1-10 Development.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. PURPOSE. The purpose of this Act is to ensure
1-13 that economic development initiatives in this state are effective
1-14 in encouraging new investment, employment, and income and in
1-15 retaining existing facilities and employment. The economic
1-16 development incentives must be appropriately sized and directed and
1-17 administratively efficient and must allow this state to compete
1-18 with other states. It is the intent of the legislature to develop
1-19 objective criteria to evaluate the state's economic development
1-20 initiatives that reflect sound economic principles appropriately
1-21 applied in light of the diverse nature of the initiatives and the
1-22 state's economy.

1-23 SECTION 2. DEFINITION. In this Act, "committee" means the
1-24 Select Committee on Economic Development.

1-25 SECTION 3. COMPOSITION. (a) The Select Committee on
1-26 Economic Development is composed of 12 members as follows:

1-27 (1) four public members appointed by the governor:

1-28 (A) two of whom must be owners or employees of a
1-29 business with significant operations in this state; and

1-30 (B) one of whom must be a member of the governing
1-31 body of a municipality or county;

1-32 (2) two public members appointed by the lieutenant
1-33 governor, one of whom must be an owner or employee of a business
1-34 with significant operations in this state;

1-35 (3) two members of the senate appointed by the
1-36 lieutenant governor;

1-37 (4) two public members appointed by the speaker of the
1-38 house of representatives, one of whom must be an owner or employee
1-39 of a business with significant operations in this state; and

1-40 (5) two members of the house of representatives
1-41 appointed by the speaker of the house of representatives.

1-42 (b) Each individual required to make an appointment under
1-43 Subsection (a) of this section shall make the appointment as soon as
1-44 possible after the effective date of this Act, but not later than
1-45 November 1, 2011.

1-46 SECTION 4. PRESIDING OFFICER; MEETINGS. (a) The governor
1-47 shall select the presiding officer of the committee from among the
1-48 committee members.

1-49 (b) The committee shall meet at the call of the presiding
1-50 officer.

1-51 SECTION 5. COMMITTEE DUTIES. The committee shall:

1-52 (1) recommend to the legislature an economic
1-53 development policy for the state;

1-54 (2) conduct a study and make recommendations to the
1-55 legislature regarding state and local economic development
1-56 incentives;

1-57 (3) develop criteria for evaluating the effectiveness
1-58 of existing economic development policies and incentives in this
1-59 state and make recommendations the committee considers necessary to
1-60 improve those policies and incentives, taking into account:

1-61 (A) aspects of the state and local tax systems
1-62 that encourage or hinder economic activity in the state;

1-63 (B) the types or categories of businesses
1-64 eligible for incentives and whether the promotion or encouragement

2-1 of a specific type or category of business activity is in the best
2-2 long-term interest of the state and the citizens of this state;

2-3 (C) the extent to which an incentive should
2-4 encourage the maintenance or expansion of existing capital
2-5 investment within this state or attract new capital investment from
2-6 outside this state;

2-7 (D) the extent to which an incentive should
2-8 encourage the retention or expansion of existing employment within
2-9 this state or encourage the creation of additional employment,
2-10 either at existing or new business locations in this state;

2-11 (E) the direct effects of the business activity
2-12 qualifying for the incentive and the indirect and induced effects
2-13 associated with that activity on capital investment, employment,
2-14 wages, salaries, state and local tax revenues, and demands for
2-15 state or local public services;

2-16 (F) how the incentives offered in this state
2-17 compare to those available in other states or countries, and how
2-18 those differences affect business decisions to invest in this state
2-19 or outside this state; and

2-20 (G) whether and to what extent a particular
2-21 incentive should take the form of a direct grant of state or local
2-22 revenue, the abatement, deferral, or limitation of a state or local
2-23 tax, fee, or assessment, the provision of a specific service or
2-24 program designed to benefit the business, or other direct or
2-25 indirect financing mechanism;

2-26 (4) consider the benefits of consolidating state and
2-27 local economic development incentives into a single statewide
2-28 office or agency;

2-29 (5) evaluate existing state or local economic
2-30 development incentives and make recommendations regarding the
2-31 continuation, elimination, or modification of those incentives
2-32 based on the criteria developed under Subdivision (3) of this
2-33 section; and

2-34 (6) make recommendations on whether the state should
2-35 adopt new incentives to better accomplish the state's economic
2-36 development policy.

2-37 SECTION 6. REPORT. Not later than January 1, 2013, the
2-38 committee shall submit a report of the committee's findings,
2-39 studies, and recommendations to:

- 2-40 (1) the governor;
- 2-41 (2) the lieutenant governor;
- 2-42 (3) the speaker of the house of representatives; and
- 2-43 (4) each member of the legislature.

2-44 SECTION 7. STAFF. On the committee's request, the
2-45 Legislative Budget Board, Texas Legislative Council, office of the
2-46 governor, senate, and house of representatives shall provide the
2-47 staff necessary to assist the committee in performing its duties.

2-48 SECTION 8. COOPERATION OF STATE AGENCY, DEPARTMENT, OR
2-49 OFFICE. If needed to perform the duties of the committee, the
2-50 committee may request the assistance of a state agency, department,
2-51 or office. The state agency, department, or office shall provide
2-52 the committee with the requested assistance.

2-53 SECTION 9. EXPENSES. (a) The operating expenses of the
2-54 committee shall be paid from available funds of the office of the
2-55 governor, the senate, and the house of representatives, as agreed
2-56 to by those entities.

2-57 (b) When attending committee meetings, a public member of
2-58 the committee shall be allowed the same mileage and per diem as are
2-59 allowed members of the legislature who attend a committee meeting
2-60 when the legislature is not in session.

2-61 SECTION 10. EXPIRATION DATE. The committee is abolished
2-62 and this Act expires September 1, 2013.

2-63 SECTION 11. EFFECTIVE DATE. This Act takes effect
2-64 September 1, 2011.

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