

BILL ANALYSIS

C.S.H.B. 3162
By: Davis, John
Economic & Small Business Development
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Recent legislation established the Texas emerging technology fund to expand research and innovation in Texas through research grant matching, investment in early stage technology-based companies, and research superiority acquisition awards. Current law requires the governor, lieutenant governor, and the speaker of the house of representatives to approve grants awarded from the fund. According to interested parties, this approval process may seemingly politicize the process and, in fact, has led to certain allegations of cronyism and undue political involvement, especially in the awarding of grants intended as incentives for commercialization activities by private entities. According to some estimates, the state currently has more than \$180 million in equity investments in companies that have received such grants, and concerns have been expressed regarding the lack of adequate state resources to manage and value these investments.

C.S.H.B. 3162 seeks to address these issues by establishing the Texas Emerging Technology Fund Board and changing the approval process and approval authority for the awarding of grants from the Texas emerging technology fund, among other provisions.

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. 3162 amends the Government Code to specify that an emerging technology industry participant may be eligible, rather than is eligible, for funding from the Texas emerging technology fund and includes in eligible activities an activity that will result in the commercialization of a scientific breakthrough derived from research conducted at or owned by a research institution. The bill adds industries related to water to those industries considered emerging technology industries.

C.S.H.B. 3162 adds the following to the required content of the governor's annual report to the presiding officers and certain standing committees of the legislature regarding awards made under the Texas emerging technology fund: a description of the types of securities the governor, on behalf of Texas, has taken in companies that have received an award; the aggregate total number of jobs, broken down according to emerging technology industry sectors, actually created by all projects receiving funding; and the average annual salaries in the award recipients' industries. The bill specifies that the analysis of the number of jobs required to be reported is to be broken down according to those industry sectors and that the number of jobs are jobs actually created by all projects, rather than by each project, and specifies the way in which the total number of jobs created by each project must be expressed.

C.S.H.B. 3162 replaces the 17-member Texas Emerging Technology Advisory Committee with a newly established 15-member Texas Emerging Technology Fund Board, makes numerous

conforming changes, and administratively attaches the board to the office of the governor. The bill revises the nominating process for members to include input from the lieutenant governor and the speaker of the house of representatives. The bill requires the governor, the lieutenant governor, and the speaker of the house, as soon as practicable after the bill's effective date, to each appoint five individuals to the board and the governor to appoint the initial presiding member of the board and sets out provisions relating to a member serving without compensation, reimbursement for actual and necessary expenses, and member terms.

C.S.H.B. 3162 limits the recommendations the board makes to the governor, lieutenant governor, and speaker of the house about awards from the fund to awards under statutory provisions relating to research award matching and acquisition of research superiority. The bill requires regional centers of innovation and commercialization to make recommendations to the governor and the board about fund awards under statutory provisions relating to incentives for commercialization activities. The bill requires each entity recommended by a center to obtain and provide specified information.

C.S.H.B. 3162 clarifies that information collected or received by the governor's office, the board, or the board's advisory panels concerning the background, finances, marketing plans, trade secrets, or other commercially or academically sensitive information of an individual or entity having applied for, being considered for, receiving, or having received an award from the fund is confidential unless the individual or entity consents to disclosure of the information. The bill describes information collected by those entities under provisions relating to the fund that is public information and may be disclosed under the state public information law.

C.S.H.B. 3162 requires the board to develop and implement policies that clearly separate the policy-making responsibilities of the board and the management responsibilities of the staff of the board. The bill subjects the board to open meetings laws and sets out provisions relating to the required number of annual meetings, special meetings, telecommunication methods used in meetings, and authorized closed meetings under specified circumstances.

C.S.H.B. 3162, in a provision authorizing the governor to award money appropriated from the fund with the prior approval of the lieutenant governor and the speaker of the house, specifies that those appropriations are for awards under statutory provisions relating to research award matching and acquisition of research superiority. The bill authorizes the governor to award money from the fund for awards under provisions relating to incentives for commercialization activities only with the prior approval of the board.

C.S.H.B. 3162 clarifies that money deposited to the fund under applicable state law and money retained in the fund from a previous biennium is among the money in the fund required to be allocated for specified purposes, less amounts necessary to administer the fund. The bill revises the fund allocation formula to decrease from 50 percent to 46 percent of the allocation of money in the fund for incentives for collaboration between certain entities under statutory provisions relating to incentives for commercialization activities. The bill requires four percent of the money in the fund to be allocated for regional centers of innovation and commercialization.

C.S.H.B. 3162 requires the office to employ or contract with a fund manager, designated by the board, to manage equity positions or other investments received by the governor's office in consideration for an award made. The bill requires the fund manager to perform such duties, as determined by the board, for the purpose of managing equity positions or other investments made under statutory provisions relating to incentives for commercialization activities. The bill expands the limited uses of the fund to include compensating the fund manager.

C.S.H.B. 3162 makes specified private and nonprofit entities eligible for incentives for commercialization activities from the fund. The bill requires the regional centers of innovation and commercialization to recommend proposals eligible for funding for those activities to the governor and the board. The bill authorizes amounts allocated from the fund to be used by

eligible private and nonprofit entities or an appropriate combination of those entities to form and maintain a regional center of innovation and commercialization to serve a region of Texas. The bill removes a provision requiring the Texas Emerging Technology Advisory Committee, in recommending proposals for funding, to give specific emphasis to the formation of regional centers of innovation and commercialization. The bill requires the minutes of each meeting of each regional center of innovation and commercialization to include the name of each applicant recommended by the center to the governor and the board for funding.

C.S.H.B. 3162 specifies that the terms of the members of the committee serving immediately before the bill's effective date expire September 1, 2013, and requires the newly appointed members at the first meeting of the board to draw lots to determine expiration of terms.

C.S.H.B. 3162 repeals Sections 490.054(b), 490.056(e), and 490.153(b), Government Code.

EFFECTIVE DATE

September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3162 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

No equivalent provision.

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Sections 490.001(1) and (4), Government Code, are amended to read as follows:

(1) "Board" [~~"Committee"~~] means the Texas Emerging Technology Fund Board [~~Advisory Committee~~].

(4) "Award" means:

(A) for purposes of Subchapter D, an investment in the form of equity or a convertible note;

(B) for purposes of Subchapter E, an investment in the form of a debt instrument;

(C) for purposes of Subchapter F, a grant; or

(D) other forms of contribution or investment as recommended by the board [~~committee~~] and approved by the governor, lieutenant governor, and speaker of the house of representatives.

No equivalent provision.

SECTION 2. Section 490.003, Government Code, is amended to read as follows:

Sec. 490.003. EMERGING TECHNOLOGY INDUSTRIES. (a) An emerging technology industry participant may be [~~is~~] eligible for funding under this chapter if the activity to be funded:

(1) will result in the creation of high-quality new jobs in this state, immediately or over a longer period; [~~or~~]

(2) has the potential to result in a medical or scientific breakthrough or a breakthrough in the area of clean energy; or

(3) will result in the commercialization of a scientific breakthrough derived from research conducted at or owned by a research institution.

(b) Emerging technology industries include industries related to:

(1) semiconductors;

(2) information;

(3) computer and software technology;

(4) energy;

(5) manufactured energy systems;

(6) micro-electromechanical systems;

(7) nanotechnology;

(8) biotechnology;

(9) medicine;

(10) life sciences;

(11) petroleum refining and chemical processes;

(12) aerospace;

(13) defense; ~~and~~

(14) water; and

(15) other pursuits, as determined by the governor in consultation with the lieutenant governor and the speaker of the house of representatives.

No equivalent provision.

SECTION 3. Sections 490.005(a) and (b), Government Code, are amended to read as follows:

(a) Not later than January 31 of each year, the governor shall submit to the lieutenant governor, the speaker of the house of representatives, and the standing committee of each house of the legislature with primary jurisdiction over economic development matters and post on the office of the governor's Internet website a report that includes the following information regarding awards made under the fund during each preceding state fiscal year:

(1) the total number and amount of awards made;

(2) the number and amount of awards made under Subchapters D, E, and F;

(3) the aggregate total of private sector investment, federal government funding, and contributions from other sources obtained in connection with awards made under each of the subchapters listed in Subdivision (2);

(4) the name of each award recipient and the amount of the award made to the recipient;

~~[and]~~

(5) a brief description of the equity position that the governor, on behalf of the state, may take in companies receiving awards and the names of the companies in which the state has taken an equity position; and

(6) a description of the types of securities the governor, on behalf of the state, has taken in companies that have received an award.

(b) The annual report must also contain:

(1) the aggregate total number of jobs, broken down according to the industry sectors described by Section 490.003(b), actually created by all projects ~~[each project]~~ receiving funding under this chapter;

(2) an analysis of the number of jobs, broken down according to the industry sectors described by Section 490.003(b), actually created by all projects ~~[each project]~~ receiving funding under this chapter; ~~[and]~~

(3) a brief description regarding:

(A) the methodology used to determine the information provided under Subdivisions (1) and (2), which may be developed in consultation with the comptroller's office;

(B) the intended outcomes of projects funded under Subchapter D during each preceding state fiscal year; and

(C) the actual outcomes of all projects funded under Subchapter D during each preceding state fiscal year, including any financial impact on the state resulting from a liquidity event involving a company whose project was funded under that subchapter;

(4) the total number of jobs created by each project receiving funds under this chapter, expressed;

(A) in increments of 10 jobs created by the project; or

(B) as a number that is within five percent over or under the total number of jobs created by the project; and

(5) the average annual salaries in the award recipients' industries.

SECTION 1. Section 490, Government Code, is amended to read as follows:

SUBCHAPTER B. TEXAS EMERGING TECHNOLOGY ADVISORY COMMITTEE

SECTION 4. The heading to Subchapter B, Chapter 490, Government Code, is amended to read as follows:

SUBCHAPTER B. TEXAS EMERGING TECHNOLOGY FUND BOARD ~~[ADVISORY COMMITTEE]~~

SECTION 5. Section 490.051, Government Code, is amended to read as follows:

Sec. 490.051. COMPOSITION OF COMMITTEE.

The Texas Emerging Technology Advisory Committee is composed of 15~~17~~ members.

Sec. 490.052. APPOINTMENT TO COMMITTEE; NOMINATIONS.

(a) The governor shall appoint to the committee ~~five~~¹³ individuals nominated as provided by Subsection (b).

(a-1) The lieutenant governor shall appoint ~~five~~^{two} individuals to the committee.

(a-2) The speaker of the house of representatives shall appoint ~~five~~^{two} individuals to the committee.

(b) The following persons may nominate one or more individuals who are industry leaders in this state or who are nationally recognized leaders from public or private institutions of higher education in this state for appointment to the committee:

- (1) a president of a public or private institution of higher education in this state;
- (2) a representative of the governor's office involved in economic development activities;
- (3) a representative of the lieutenant governor's office involved in economic development activities;
- (4) a representative of the office of the speaker of the house involved in economic development activities; and
- (5) other persons considered appropriate by the governor.

(c) The governor may prescribe a date after which a nomination under Subsection (b) for appointment for the next term will not be considered.

(d) If an insufficient number of qualified individuals are nominated as provided by Subsection (b) before the date set by the

Sec. 490.051. TEXAS EMERGING TECHNOLOGY FUND BOARD [COMPOSITION OF COMMITTEE].

(a) The Texas Emerging Technology Fund Board is administratively attached to the office of the governor. The governor's office shall provide staff and other administrative support for the board.

(b) The board [Advisory Committee] is composed of 15 [17] members.

SECTION 6. The heading to Section 490.052, Government Code, is amended to read as follows:

Sec. 490.052. APPOINTMENT TO BOARD [COMMITTEE]; NOMINATIONS.

SECTION 7. Sections 490.052(a), (a-1), (a-2), and (b), Government Code, are amended to read as follows:

(a) The governor shall appoint to the board ~~five~~¹³ individuals nominated as provided by Subsection (b).

(a-1) The lieutenant governor shall appoint ~~five~~^{two} individuals to the board [committee].

(a-2) The speaker of the house of representatives shall appoint ~~five~~^{two} individuals to the board [committee].

(b) The following persons may nominate one or more individuals who are industry leaders in this state or who are nationally recognized leaders from public or private institutions of higher education in this state for appointment to the board [committee]:

- (1) a president of a public or private institution of higher education in this state;
- (2) a representative of the governor's office involved in economic development activities;
- (3) a representative of the lieutenant governor's office involved in economic development activities;
- (4) a representative of the office of the speaker of the house involved in economic development activities; and
- (5) other persons considered appropriate by the governor, lieutenant governor, or speaker of the house of representatives.

governor under Subsection (c), the governor, lieutenant governor, or speaker of the house may appoint any qualified individual to the board for that term.

No equivalent provision.

No equivalent provision.

Sec. 490.053. PRESIDING MEMBER. The governor, lieutenant governor, and speaker of the house shall, in turn, appoint a presiding member of the committee. The selection of the presiding member will rotate between the governor, lieutenant governor, and speaker of the house, and each presiding member chosen will serve a two-year term.

Sec. 490.054. TERMS. (a) Members of the committee appointed by the governor, lieutenant governor, and speaker of the house serve staggered two-year terms, subject to the pleasure of the appointing entity governor.

(b) Members of the committee appointed by the lieutenant governor or the speaker of the house of representatives serve two-year terms.

Sec. 490.055. STAFF AND FUNDING.

SECTION 8. Section 490.0521(a), Government Code, is amended to read as follows:

(a) Each member of the board [committee] shall file with the office of the governor a verified financial statement complying with Sections 572.022 through 572.0252 as is required of a state officer by Section 572.0252.

SECTION 9. Subchapter B, Chapter 490, Government Code, is amended by adding Section 490.0522 to read as follows:

Sec. 490.0522. COMPENSATION; EXPENSES. Members of the board serve without compensation but are entitled to reimbursement for actual and necessary expenses incurred in attending board meetings or in performing other board duties approved by the office of the governor.

SECTION 10. Section 490.053, Government Code, is amended to read as follows:

Sec. 490.053. PRESIDING MEMBER. The governor shall appoint a presiding member of the board [committee].

SECTION 11. Section 490.054(a), Government Code, is amended to read as follows:

(a) Members of the board [committee] ~~appointed by the governor~~ serve staggered two-year terms, with as near as possible to one-half of the members' terms expiring each year [subject to the pleasure of the governor].

SECTION 12. Section 490.055, Government Code, is amended to read as follows:

Sec. 490.055. STAFF AND FUNDING.

Necessary staff and funding for the administration of the fund shall be provided by:

- (1) the office of the governor; and
- (2) gifts, grants, and donations for overhead expenses to the office of the governor; and
- (3) the advisory committee shall hire a fund manager for the purpose of maintaining the Subchapter D grants.

Sec. 490.056. RECOMMENDATIONS FOR FUNDING. (a) The fund manager, with the advice of the regional centers of innovation and commercialization, committee shall make recommendations, through peer review and evaluation processes established by the advisory committee, to the advisory board governor, lieutenant governor, and speaker of the house of representatives for the award of money from the fund as provided by this chapter.

(b) The committee may establish advisory panels of knowledgeable individuals from industry, state government, or academic occupations to assist in peer review activities under this chapter. The final award will be made by the advisory board.

Necessary staff and funding for the administration of the fund shall be provided by:

- (1) the office of the governor; ~~and~~
- (2) gifts, grants, and donations for overhead expenses to the office of the governor; and
- (3) the fund as provided by Section 490.101.

SECTION 13. Section 490.056, Government Code, is amended by amending Subsections (a) and (c) and adding Subsection (a-1) to read as follows:

(a) The board [committee] shall make recommendations, through peer review and evaluation processes established by the board [committee], to the governor, lieutenant governor, and speaker of the house of representatives for the award of money from the fund under Subchapters E and F as provided by this chapter.

(a-1) Regional centers of innovation and commercialization formed under Subchapter I shall make recommendations to the governor and the board for the award of money from the fund under Subchapter D as provided by this chapter.

(c) Each entity recommended by a regional center of innovation and commercialization ~~[the committee]~~ for an award of money from the fund under Subchapter D as provided by this chapter shall obtain and provide the following information to the office of the governor:

- (1) a federal criminal history background check for each principal of the entity;
- (2) a state criminal history background check for each principal of the entity;
- (3) a credit check for each principal of the entity;
- (4) a copy of a government-issued form of photo identification for each principal of the entity; and
- (5) information regarding whether the entity or a principal of the entity has ever been

subject to a sanction imposed by the Securities and Exchange Commission for a violation of applicable federal law.

No equivalent provision.

SECTION 14. Section 490.057, Government Code, is amended to read as follows:

Sec. 490.057. CONFIDENTIALITY. (a) Except as provided by Subsection (b), information collected or received by the governor's office, the board ~~[committee]~~, or the board's ~~[committee's]~~ advisory panels concerning the ~~[identity,]~~ background, finances ~~[finance]~~, marketing plans, trade secrets, or other commercially or academically sensitive information of an individual or entity having applied for, being considered for, receiving, or having received an award from the fund is confidential unless the individual or entity consents to disclosure of the information.

(b) The following information collected by the governor's office, the board ~~[committee]~~, or the board's ~~[committee's]~~ advisory panels under this chapter is public information and may be disclosed under Chapter 552:

(1) the name and address of an individual or entity receiving or having received an award from the fund;

(2) the amount of funding received by an award recipient from the fund;

(3) a brief description of the project that is funded under this chapter;

(4) if applicable, ~~[a brief description of]~~ the type of equity ~~[position]~~ that the governor, on behalf of the state, has taken in an entity that has received an award from the fund; ~~[and]~~

(5) any other information ~~[designated by the committee]~~ with the consent of:

~~[(A) the individual or entity [receiving or having received an award from the fund, as applicable]; and~~

(6) any other information otherwise available to the public

~~[(B) the governor;~~

~~[(C) the lieutenant governor; and~~

~~[(D) the speaker of the house of representatives].~~

No equivalent provision.

SECTION 15. Subchapter B, Chapter 490, Government Code, is amended by adding Sections 490.058, 490.059, and 490.060 to read as follows:

Sec. 490.058. DIVISION OF RESPONSIBILITIES. The board shall

develop and implement policies that clearly separate the policy-making responsibilities of the board and the management responsibilities of the staff of the board.

Sec. 490.059. APPLICABILITY OF OPEN MEETINGS LAW. The board is subject to Chapter 551.

Sec. 490.060. MEETINGS. (a) The board shall hold four regular meetings each year and special meetings at the call of the presiding member.

(b) Notwithstanding Chapter 551 or any other law, the board may use a telephone conference call, videoconference, or other similar telecommunication method in accordance with this section to establish a quorum, to hold an open or closed meeting, to vote, or for any other meeting purpose. This subsection applies without regard to the subject matter discussed or considered by the board at the meeting.

(c) A meeting held by telephone conference call, videoconference, or other similar telecommunication method:

(1) is subject to the notice requirements applicable to other board meetings;

(2) may not be held unless notice of the meeting specifies the location where the public may observe the meeting; and

(3) must be open and audible to the public at the location specified in the notice under Subdivision (2) during the open portions of the meeting.

(d) The board may conduct a closed meeting under Section 551.101 to:

(1) discuss or consider a matter that contains information that is confidential under Section 490.057; or

(2) hear testimony or presentations from an individual, entity, or group that contains information that is confidential under Section 490.057.

(e) This section does not prohibit the board from requesting the attendance at a closed meeting of a person who is not a member of the board and who has information regarding an applicant for or recipient of an award from the fund.

No equivalent provision.

SECTION 16. Sections 490.101(c), (d), (f), and (f-1), Government Code, are amended to read as follows:

(c) The fund may be used only [~~f~~]:

(1) for the purposes described by Section

490.002; ~~and~~]

(2) for necessary staff, administration of the fund including administration by the office of the governor, and services and expenses related to the fund as provided for by Section 490.055; and

(3) to compensate the fund manager under Section 490.157.

(d) The board ~~[committee]~~ may solicit and accept gifts and grants for the fund from public and private entities.

(f) The administration of the fund is considered to be a trustee program within the office of the governor. The governor may negotiate on behalf of the state regarding awards from the fund. The governor may award money appropriated from the fund for awards under Subchapters E and F only with the prior approval of the lieutenant governor and speaker of the house of representatives. The governor may award money appropriated from the fund for awards under Subchapter D only with the prior approval of the board.

(f-1) For purposes of Subsection (f), an award of money appropriated from the fund for awards under Subchapters E and F is considered disapproved by the lieutenant governor or speaker of the house of representatives if that officer does not approve the proposal to award funding before the 91st day after the date of receipt of the proposal from the governor. The lieutenant governor or the speaker of the house of representatives may extend the review deadline applicable to that officer for an additional 14 days by submitting a written notice to that effect to the governor before the expiration of the initial review period.

No equivalent provision.

SECTION 17. Section 490.102(a), Government Code, is amended to read as follows:

(a) Money appropriated to or otherwise deposited to the fund under Section 490.101(b), including money retained in the fund from a previous biennium ~~[by the legislature]~~, less amounts necessary to administer the fund under Section 490.055, shall be allocated as follows:

(1) 46 ~~[50]~~ percent of the money for incentives for collaboration between certain entities as provided by Subchapter D;

(2) 16.67 percent of the money for research

award matching as provided by Subchapter E; ~~and~~

(3) 33.33 percent of the money for acquisition of research superiority as provided by Subchapter F; and

(4) four percent of the money for regional centers of innovation and commercialization as provided by Subchapter I.

No equivalent provision.

SECTION 18. Section 490.151, Government Code, is amended by adding Subsection (a-1) and amending Subsection (b) to read as follows:

(a-1) The following private and nonprofit entities are eligible for incentives under this subchapter:

(1) a private entity that is partially owned by an institution of higher education and is seeking to commercialize technology acquired from the partnering institution;

(2) a private entity that is a qualified spin-out, as determined by the board, of an institution of higher education;

(3) a private entity seeking to commercialize technology acquired from the Lyndon B. Johnson Space Center of the National Aeronautics and Space Administration;

(4) a private or nonprofit entity partnering with a research institution through a sponsored research agreement or qualified collaborative agreement; or

(5) a private entity that has received an award under this chapter and has received an equity investment commitment from a qualified investor, as determined by the board, for commercialization and growth purposes.

(b) The regional centers of innovation and commercialization formed under Subchapter I ~~[committee]~~ shall recommend proposals eligible for funding under this subchapter ~~[section]~~ to the governor and the board; ~~lieutenant governor, and speaker of the house of representatives~~].

No equivalent provision.

SECTION 19. Section 490.154(a), Government Code, is amended to read as follows:

(a) An entity participating in a regional center of innovation and commercialization formed under Subchapter I that receives funding or another incentive under this subchapter shall guarantee by contract with

the governor's office that the entity will perform specific actions expected to provide benefits to this state.

No equivalent provision.

SECTION 20. Subchapter D, Chapter 490, Government Code, is amended by adding Section 490.157 to read as follows:

Sec. 490.157. FUND MANAGER. The office shall employ or contract with a fund manager, designated by the board, to manage equity positions or other investments received by the office of the governor in consideration for an award made. The fund manager shall perform such duties, as determined by the board, for the purpose of managing equity positions or other investments made under this subchapter.

No equivalent provision.

SECTION 21. Chapter 490, Government Code, is amended by adding Subchapter I, and a heading is added to that subchapter to read as follows:

SUBCHAPTER I. REGIONAL CENTERS OF INNOVATION AND COMMERCIALIZATION

No equivalent provision.

SECTION 22. Sections 490.152 and 490.1521, Government Code, are transferred to Subchapter I, Chapter 490, Government Code, as added by this Act, redesignated as Sections 490.401 and 490.402, Government Code, and amended to read as follows:

Sec. 490.401 [490.152]. USE OF MONEY FOR REGIONAL CENTERS OF INNOVATION AND COMMERCIALIZATION. (a) Amounts allocated from the fund for use as provided by this subchapter may be used by an entity described by Section 490.151(a) or an [An] recommending proposals for funding, the committee shall give specific emphasis to the formation of regional centers of innovation and commercialization.

[(b) An] appropriate combination of any entities described by that subsection [Section 490.151(a) may collaborate] to form and maintain a regional center of innovation and commercialization to serve a region of this state.

(b) [(e)] A regional center of innovation and commercialization shall provide for a

specified region:

- (1) research and development activities that may include initiatives to prove the feasibility of an idea;
- (2) commercialization of the results of research and development;
- (3) incubators for new businesses and expansion of existing businesses related to research and development; and
- (4) workforce training for businesses resulting from research and development.

(c) ~~(d)~~ Subject to the availability of suitable partners and resources, the board ~~[committee]~~ shall propose and initiate the establishment of a regional center of innovation and commercialization in:

- (1) Harris County;
- (2) Lubbock County;
- (3) Bexar County;
- (4) the Dallas-Fort Worth Metroplex;
- (5) El Paso County;
- (6) the Middle and Lower Rio Grande Valley; and
- (7) other suitable locations as determined by the governor in consultation with the lieutenant governor and the speaker of the house of representatives.

Sec. 490.402 ~~[490.1521]~~. MINUTES OF CERTAIN MEETINGS. (a) Each regional center of innovation and commercialization established under Section 490.401 ~~[490.152, including the Texas Life Science Center for Innovation and Commercialization,]~~ shall keep minutes of each meeting at which applications for funding under Subchapter D ~~[this subchapter]~~ are evaluated. The minutes must:

- (1) include the name of each applicant recommended by the regional center of innovation and commercialization to the governor and board ~~[committee]~~ for funding under Subchapter D; and
 - (2) indicate the vote of each member of the governing body of the regional center of innovation and commercialization, including any recusal by a member and the member's reason for recusal, with regard to each application reviewed.
- (b) Each regional center of innovation and commercialization shall retain a copy of the minutes of each meeting to which this section applies for at least three years.

No equivalent provision.

SECTION 23. Section 490.201(b),

Government Code, is amended to read as follows:

(b) The board [~~committee~~] shall recommend proposals eligible for funding under this section to the governor, lieutenant governor, and speaker of the house of representatives.

No equivalent provision.

SECTION 24. Section 490.253, Government Code, is amended to read as follows:

Sec. 490.253. PROPOSALS FOR FUNDING. (a) The board [~~committee~~] shall review and consider proposals by research institutions for:

- (1) creating new research superiority;
- (2) attracting existing research superiority from institutions not located in this state and other research entities; or
- (3) enhancing existing research superiority by attracting from outside this state additional researchers and resources.

(b) The board [~~committee~~] shall recommend proposals eligible for funding under Section 490.251 and proposals solicited and identified under this section to the governor, lieutenant governor, and speaker of the house of representatives.

No equivalent provision.

SECTION 25. Section 490.257(b), Government Code, is amended to read as follows:

(b) The governor, with the express written prior approval of the lieutenant governor and the speaker of the house of representatives, may terminate funding to an institution if the institution fails to realize a benefit specified in the contract before a time specified in the contract, as determined by a periodic program review conducted by the board [~~committee~~].

No equivalent provision.

SECTION 26. Sections 490.054(b), 490.056(e), and 490.153(b), Government Code, are repealed.

No equivalent provision.

SECTION 27. The terms of the members of the Texas Emerging Technology Advisory Committee serving immediately before the effective date of this Act expire September 1, 2013.

No equivalent provision.

SECTION 28. (a) As soon as practicable after the effective date of this Act:

(1) the governor, lieutenant governor, and speaker of the house of representatives shall appoint members to the Texas Emerging Technology Fund Board established under Subchapter B, Chapter 490, Government Code, in a manner that complies with that subchapter, as amended by this Act; and

(2) the governor shall appoint the initial presiding member of the board.

(b) At the first meeting of members of the Texas Emerging Technology Fund Board appointed under Subchapter B, Chapter 490, Government Code, as amended by this Act, occurring on or after September 1, 2013:

(1) the members appointed by the governor shall draw lots to determine which three members will serve terms expiring September 1, 2014, and which two members will serve terms expiring September 1, 2015;

(2) the members appointed by the lieutenant governor shall draw lots to determine which two members will serve terms expiring September 1, 2014, and which three members will serve terms expiring September 1, 2015; and

(3) the members appointed by the speaker of the house of representatives shall draw lots to determine which two members will serve terms expiring September 1, 2014, and which three members will serve terms expiring September 1, 2015.

SECTION 1. (continued). This Act takes effect September 1, 2013.

SECTION 29. This Act takes effect September 1, 2013.