

## **BILL ANALYSIS**

Senate Research Center

S.B. 1390  
By: Davis; Eltife  
Economic Development  
7/18/2013  
Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Texas Enterprise Fund (enterprise fund) was established in 2003 to bring jobs and investment to the state. As the largest "deal-closing" fund of its kind in the nation, the enterprise fund has invested over \$485 million in 106 projects. Since its inception a decade ago, there has been no external audit to ensure the efficiency, effectiveness, and accountability of the fund.

S.B. 1390 requires the state auditor to conduct an audit to ensure that money from the enterprise fund is disbursed in compliance with the requirements of the code, monitored to determine whether the entities awarded money comply with the terms of the agreements, and maintained in a manner that provides accountability for the proper use of money.

S.B. 1390 also requires the state auditor to prepare a report of the enterprise fund audit no later than January 1, 2015. The report is required to include details on the grant approval process, details on the compliance of past and present recipients, and a synopsis of grant agreements that have been amended to reduce job creation goals.

S.B. 1390 amends current law relating to an audit by the state auditor of the Texas Enterprise Fund.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. (a) Requires the state auditor to conduct an audit of the Texas Enterprise Fund (enterprise fund) established under Section 481.078 (Texas Enterprise Fund), Government Code. Authorizes the state auditor to establish the scope of the audit and objectives for the audit that are consistent with generally accepted government auditing standards and with other audits conducted by the state auditor under Chapter 321 (State Auditor), Government Code.

(b) Authorizes the audit to determine whether money from the enterprise fund is:

(1) disbursed in compliance with the requirements of Section 481.078, Government Code, and other relevant laws or standards; and

(2) monitored to determine whether the persons or entities awarded money from the enterprise fund comply with the terms of any applicable agreements and with the requirements of Section 481.078, Government Code, and other relevant laws or standards.

(c) Authorizes the state auditor to assess the efficiency and effectiveness of the enterprise fund consistent with generally accepted government auditing standards and with other audits conducted by the state auditor under Chapter 321, Government Code.

(d) Requires the state auditor to prepare a report of the audit conducted under this section. Requires the state auditor, not later than January 1, 2015, to file the report with the

lieutenant governor, the speaker of the house of representatives, and the presiding officer of each standing committee of the senate and house of representatives having primary jurisdiction over fiscal matters. Authorizes the report to include:

- (1) details on the grant approval process;
- (2) details on the compliance of past and present grant recipients with the terms of applicable agreements and with the requirements of the Government Code and other relevant laws or standards;
- (3) a synopsis of grant agreements that have been amended to reduce the job creation goals established in the original agreement or to extend the time allotted to achieve job creation goals; and
- (4) an itemization of grant money returned to this state, including a summary of the reasons the money was returned.

SECTION 2. Provides that this Act expires September 1, 2015.

SECTION 3. Effective date: September 1, 2013.