

By: Fraser, et al.
(Button)

S.B. No. 632

Substitute the following for S.B. No. 632:

By: Button

C.S.S.B. No. 632

A BILL TO BE ENTITLED

AN ACT

relating to the abolishment of the Texas emerging technology fund.

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

SECTION 1. The heading to Chapter 490, Government Code, is amended to read as follows:

CHAPTER 490. WINDING UP CONTRACTS AND STATE'S INVESTMENT PORTFOLIO
IN CONNECTION WITH AWARDS FROM TEXAS [~~FUNDING FOR~~] EMERGING
TECHNOLOGY FUND

SECTION 2. Subchapter C, Chapter 490, Government Code, is amended by adding Sections 490.104 and 490.105 to read as follows:

Sec. 490.104. MANAGEMENT OF INVESTMENT PORTFOLIO; WINDING
UP AND FINAL LIQUIDATION. (a) In this section, "state's emerging
technology investment portfolio" means:

(1) the equity positions in the form of stock or other
security the governor took, on behalf of the state, in companies
that received awards under the Texas emerging technology fund; and

(2) any other investments made by the governor, on
behalf of the state, in connection with an award made under the
Texas emerging technology fund.

(b) The Texas Treasury Safekeeping Trust Company shall
manage and wind up the state's emerging technology investment
portfolio. The trust company shall wind up the portfolio in a manner
that, to the extent feasible, provides for the maximum return on the
state's investment. In managing those investments through

1 procedures and subject to restrictions that the trust company
2 considers appropriate, the trust company may acquire, exchange,
3 sell, supervise, manage, or retain any kind of investment that a
4 prudent investor, exercising reasonable care, skill, and caution,
5 would acquire or retain in light of the purposes, terms,
6 distribution requirements, and other circumstances then prevailing
7 pertinent to each investment. The trust company may recover its
8 reasonable and necessary costs incurred in the management of the
9 portfolio from the earnings on the investments in the portfolio.

10 (c) Any realized proceeds or other earnings from the sale of
11 stock or other investments in the state's emerging technology
12 investment portfolio, less the amount permitted to be retained for
13 payment of its costs for managing the portfolio as provided by
14 Subsection (b), shall be remitted by the Texas Treasury Safekeeping
15 Trust Company to the comptroller for deposit in the general revenue
16 fund.

17 (d) The Texas Treasury Safekeeping Trust Company has any
18 power necessary to accomplish the purposes of this section.

19 (e) On final liquidation of the state's emerging technology
20 investment portfolio, the Texas Treasury Safekeeping Trust Company
21 shall promptly notify the comptroller of that occurrence. As soon
22 as practicable after receiving that notice, the comptroller shall
23 verify that the final liquidation has been completed and, if the
24 comptroller so verifies, shall certify to the governor that the
25 final liquidation of the portfolio has been completed. The governor
26 shall post notice of the certification on the office of the
27 governor's Internet website.

1 (f) Any balance remaining in the Texas emerging technology
2 fund on final liquidation by the Texas Treasury Safekeeping Trust
3 Company shall be remitted to the comptroller for deposit in the
4 general revenue fund.

5 Sec. 490.105. CONFIDENTIALITY OF CERTAIN INFORMATION.

6 (a) Except as provided by Subsection (b), information concerning
7 the identity, background, finance, marketing plans, trade secrets,
8 or other commercially or academically sensitive information of an
9 individual or entity that was considered for or received an award
10 from the Texas emerging technology fund is confidential unless the
11 individual or entity consents to disclosure of the information.

12 (b) The following information collected in connection with
13 the Texas emerging technology fund is public information and may be
14 disclosed under Chapter 552, Government Code:

15 (1) the name and address of an individual or entity
16 that received an award from the fund;

17 (2) the amount of funding received by an award
18 recipient;

19 (3) a brief description of the project funded by the
20 award;

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

24 (5) any other information with the consent of:

25 (A) the governor;

26 (B) the lieutenant governor;

27 (C) the speaker of the house of representatives;

1 and

2 (D) the individual or entity that received an
3 award from the fund, if the information relates to that individual
4 or entity.

5 SECTION 3. Section 490.101, Government Code, is amended by
6 adding Subsection (b-1) to read as follows:

7 (b-1) The fund may be used only for the purposes described
8 by Section 490.104.

9 SECTION 4. The following laws are repealed:

10 (1) Sections 490.101(c), (d), (e), (f), (f-1), (g),
11 (h), and (i), Government Code;

12 (2) Section 490.102, Government Code; and

13 (3) Subchapters A, B, D, E, F, and G, Chapter 490,
14 Government Code.

15 SECTION 5. (a) The Texas emerging technology fund is
16 continued solely for the purposes of winding up the contracts
17 governing awards from that fund and the state's portfolio of equity
18 positions and other investments in connection with awards from that
19 fund in accordance with Section 490.104, Government Code, as added
20 by this Act. The Texas emerging technology fund is abolished and
21 Sections 490.101(a), (b), and (b-1), Government Code, are repealed
22 when the comptroller certifies to the governor as provided by
23 Section 490.104, Government Code, as added by this Act, that the
24 final liquidation of the state's portfolio of equity positions and
25 other investments by the Texas Treasury Safekeeping Trust Company
26 has been completed.

27 (a-1) On or after the effective date of this Act, any

1 unencumbered balance of the Texas emerging technology fund may be
2 appropriated only to one or more of the following:

3 (1) the Texas Research Incentive Program (TRIP) under
4 Subchapter F, Chapter 62, Education Code;

5 (2) the Texas research university fund, subject to
6 Subsection (b) of this section;

7 (3) the Texas Enterprise Fund established under
8 Section 481.078, Government Code; and

9 (4) the comptroller for the purposes of managing the
10 state's portfolio of equity positions and other investments in
11 connection with awards from the Texas emerging technology fund in
12 accordance with Section 490.104, Government Code, as added by this
13 Act.

14 (b) The authority of the Texas research university fund to
15 receive the appropriation described by Subsection (a-1) of this
16 section is contingent on passage and enactment of H.B. 1000, or
17 similar legislation relating to state support for general academic
18 teaching institutions in this state by the 84th Legislature,
19 Regular Session, 2015, that renames the existing Texas competitive
20 knowledge fund and changes the purposes for which the fund can be
21 used.

22 (c) On or after the effective date of this Act, the
23 following payments or other amounts shall be deposited to the
24 credit of the Texas emerging technology fund to be used by the Texas
25 Treasury Safekeeping Trust Company solely for the purposes of
26 winding up the state's portfolio of equity positions and other
27 investments as provided by Sections 490.101(b-1) and 490.104,

1 Government Code, as added by this Act:

2 (1) any royalties, revenues, and other financial
3 benefits realized from a project undertaken with money from the
4 Texas emerging technology fund, as provided by a contract described
5 by Section 490.103, Government Code;

6 (2) any interest or proceeds received as a result of a
7 transaction authorized by former Section 490.101(h), Government
8 Code;

9 (3) any money returned or repaid to the state by an
10 award recipient pursuant to an agreement entered into under former
11 Section 490.101(g), Government Code;

12 (4) any money derived from an interest the state
13 retained in a capital improvement pursuant to an agreement entered
14 into under former Section 490.101(g), Government Code; and

15 (5) any fund money returned by an entity that fails to
16 perform an action guaranteed by a contract entered into under
17 former Section 490.154 or 490.203, Government Code.

18 (d) The abolishment by this Act of the Texas emerging
19 technology fund and the repeal of provisions of Chapter 490,
20 Government Code, relating to that fund do not affect the validity of
21 an agreement between the governor and the recipient of an award
22 awarded under Chapter 490, or a person to be awarded money under
23 that chapter, that is executed before September 1, 2015.

24 (e) Money from the Texas emerging technology fund that is
25 encumbered because the money is awarded or otherwise obligated by
26 agreement before September 1, 2015, but under the terms of the award
27 or agreement will not be distributed before that date shall be

1 distributed from the Texas emerging technology fund in accordance
2 with the terms of the agreement, unless the award recipient and the
3 governor agree otherwise.

4 (f) A regional center of innovation and commercialization
5 established under Section 490.152, Government Code, is abolished on
6 the effective date of this Act. Each center shall transfer to the
7 office of the governor a copy of any meeting minutes required to be
8 retained under Section 490.1521, Government Code, as that section
9 existed immediately before that section's repeal by this Act, and
10 the office shall retain the minutes for the period prescribed by
11 that section.

12 (g) Except as provided by this Act, on September 1, 2015,
13 the following powers, duties, functions, and activities performed
14 by the office of the governor immediately before that date are
15 transferred to the Texas Treasury Safekeeping Trust Company:

16 (1) all powers, duties, functions, and activities
17 related to equity positions in the form of stock or other security
18 the governor has taken, on behalf of the state, in companies that
19 received awards under the Texas emerging technology fund before
20 September 1, 2015; and

21 (2) all powers, duties, functions, and activities
22 related to other investments made by the governor, on behalf of the
23 state, in connection with an award made under the Texas emerging
24 technology fund before September 1, 2015.

25 (h) Notwithstanding the repeal by this Act of provisions of
26 Chapter 490, Government Code, those provisions of Chapter 490 are
27 continued in effect for the limited purpose of winding up contracts

1 governing awards from the Texas emerging technology fund and the
2 state's portfolio of equity positions and other investments in
3 connection with awards from that fund in accordance with Section
4 490.104, Government Code, as added by this Act.

5 SECTION 6. This Act takes effect September 1, 2015.