

1-1 By: Bonnen (Senate Sponsor - Schwertner) H.B. No. 104
1-2 (In the Senate - Received from the House May 6, 2025;
1-3 May 6, 2025, read first time and referred to Committee on Finance;
1-4 May 25, 2025, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 12, Nays 3; May 25, 2025,
1-6 sent to printer.)

1-7	COMMITTEE VOTE				
1-8		Yea	Nay	Absent	PNV
1-9	Huffman	X			
1-10	Hinojosa of Hidalgo	X			
1-11	Alvarado	X			
1-12	Bettencourt	X			
1-13	Campbell	X			
1-14	Creighton		X		
1-15	Flores		X		
1-16	Hall	X			
1-17	Kolkhorst	X			
1-18	Nichols	X			
1-19	Paxton	X			
1-20	Perry	X			
1-21	Schwertner	X			
1-22	West		X		
1-23	Zaffirini	X			

1-24 COMMITTEE SUBSTITUTE FOR H.B. No. 104 By: Schwertner

1-25 A BILL TO BE ENTITLED
1-26 AN ACT

1-27 relating to the creation of the Texas future fund and the Texas
1-28 future fund investment review board and to the permissible uses of
1-29 money in the Texas future fund.

1-30 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-31 SECTION 1. Subtitle F, Title 4, Government Code, is amended
1-32 by adding Chapter 483 to read as follows:

1-33 CHAPTER 483. TEXAS FUTURE FUND
1-34 SUBCHAPTER A. GENERAL PROVISIONS
1-35 Sec. 483.0001. PURPOSES. The purposes of this chapter are
1-36 to:

1-37 (1) strengthen this state's proven leadership in
1-38 supporting the advancement of innovative technologies; and

1-39 (2) develop and diversify this state's economy by
1-40 authorizing investments in frontier technology infrastructure,
1-41 industry sectors critical to national defense, and other innovative
1-42 technologies.

1-43 Sec. 483.0002. DEFINITIONS. In this chapter:

1-44 (1) "Board" means the Texas future fund investment
1-45 review board.

1-46 (2) "Fund" means the Texas future fund.

1-47 (3) "Trust company" means the Texas treasury
1-48 safekeeping trust company.

1-49 Sec. 483.0003. PUBLIC INFORMATION. (a) The following is
1-50 public information and may be disclosed under Chapter 552:

1-51 (1) the name, the address, and a summary description
1-52 of an entity that has received an investment of money from the fund;

1-53 (2) the date on which the fund made an investment in an
1-54 entity and, if applicable, the date of any additional investments
1-55 in the entity;

1-56 (3) the dollar amount of capital committed or invested
1-57 in an entity or project;

1-58 (4) the dollar amount of capital returned by an entity
1-59 in connection with an investment from the fund;

1-60 (5) the internal rate of return or another investment

performance metric used in connection with each investment of money from the fund and the date on which the rate of return or other investment performance metric was calculated;

(6) the names of the principals responsible for managing any entity in which money from the fund is or has been invested;

(7) each recusal filed by a member of the board in connection with a deliberation or decision of the board relating to an investment of money from the fund;

(8) the minutes and audio or video recordings of each open portion of a board meeting at which an item described by another provision of this subsection was discussed;

(9) the state's percentage ownership interest in an entity that received an investment of money from the fund;

(10) any annual ethics disclosure report submitted to the board or the trust company from an entity that has received an investment of money from the fund; and

(11) any other relevant information concerning an investment of money from the fund with the consent of the receiving entity.

(b) All information received by the board, the comptroller, the trust company, or a contractor of the comptroller or the trust company from or about an entity that has received an investment of money from the fund or an entity that was considered for an investment of money from the fund that is not listed in Subsection (a) is confidential and excepted from disclosure under Chapter 552.

SUBCHAPTER B. CREATION AND OPERATION OF TEXAS FUTURE FUND

Sec. 483.0051. CREATION OF FUND. The Texas future fund is created as a separately managed account in the economic stabilization fund. The comptroller shall administer the fund.

Sec. 483.0052. INVESTMENT OF MONEY IN FUND; ACCOUNTING. (a) The trust company, or the trust company's designated investment manager, in consultation with the board, shall invest money in the fund in the manner authorized by this chapter.

(b) The trust company or its investment manager, as provided by the investment policy adopted by the board under Section 483.0109, may invest the proceeds and other earnings received from the sale of stock or other investments made using money in the fund and any interest earned on amounts in the fund.

(c) The trust company shall: (1) credit to the fund all payments, distributions, interest, and other earnings attributable to the investment of money in the fund; and

(2) provide separate accounting for, and reporting on, the investments made using money in the fund.

Sec. 483.0053. INVESTMENT STANDARD. In managing the investments made using money in the fund, the trust company, in the manner authorized by the board, may acquire, exchange, sell, supervise, manage, or retain any kind of investment that a prudent investor, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances then prevailing for the fund, taking into consideration the investment of all the assets of the fund rather than a single investment.

Sec. 483.0054. PAYMENT OF FUND EXPENSES. The reasonable expenses of administering and managing the fund and its assets shall be paid from the fund.

Sec. 483.0055. EXCLUSION OF INVESTED AMOUNTS FROM CALCULATION OF CERTAIN OTHER FUND BALANCES. The amount of money invested under this chapter is not included in the balance of the economic stabilization fund for purposes of Section 404.0241(b).

Sec. 483.0056. THIRD-PARTY CONTRACTS. (a) The trust company may enter into a contract with one or more qualified third parties for the administration, management, and custody of the assets of the fund and any other responsibilities authorized under this chapter. A contract described by this subsection must require the third party to act in a fiduciary capacity with respect to the assets of the fund.

(b) The trust company shall contract with a certified public

accountant to perform an annual independent audit of the fund and to evaluate and report on compliance with Section 483.0105.

(c) The trust company may contract with a licensed attorney to review contracts and other legal documents.

SUBCHAPTER C. TEXAS FUTURE FUND INVESTMENT REVIEW BOARD

Sec. 483.0101. CREATION OF BOARD; COMPTROLLER SUPPORT. (a) The Texas future fund investment review board is established to serve as the governing body of the fund.

(b) The comptroller shall provide administrative support and resources to the board as necessary for the board to perform its duties under this chapter.

Sec. 483.0102. BOARD COMPOSITION. (a) The board is composed of the following nine members:

(1) three members appointed by the comptroller;

(2) two members appointed by the governor;

(3) two members appointed by the lieutenant governor; and

(4) two members appointed by the governor from a list of candidates for appointment provided by the speaker of the house of representatives.

(b) In making appointments to the board:

(1) under Subsections (a)(1)-(3), the comptroller, governor, and lieutenant governor must each appoint:

(A) one member with experience in private equity, venture capital, or a similar field; and

(B) one member with experience in frontier technology infrastructure, an industry sector that is critical to national defense, or another innovative technology;

(2) under Subsection (a)(4), the governor must appoint:

(A) one candidate for appointment with experience in private equity, venture capital, or a similar field; and

(B) one candidate for appointment with experience in frontier technology infrastructure, an industry sector that is critical to national defense, or another innovative technology; and

(3) the comptroller must appoint at least one member with experience managing, directing, overseeing, or investing public funds or public pension assets.

(c) The governor may reject one or more of the candidates on a list submitted by the speaker of the house of representatives under Subsection (a)(4) and request a list of additional candidates for appointment.

(d) The comptroller shall designate one member appointed under Subsection (a)(1) as the presiding officer of the board.

Sec. 483.0103. BOARD MEMBER TERMS; VACANCY. (a) Board members serve staggered six-year terms, with the terms of three members expiring on January 31 of each odd-numbered year.

(b) Not later than the 30th day after the date a board member's term expires, the appropriate appointing authority shall appoint a replacement as provided by Section 483.0102.

(c) A vacancy on the board shall be filled in the same manner and is subject to the same qualifications as the original appointment. A board member appointed to fill a vacancy on the board shall serve the remainder of the unexpired term.

Sec. 483.0104. ELIGIBILITY FOR APPOINTMENT TO BOARD. A person is not eligible for appointment to the board if the person or the person's spouse:

(1) is employed by, or participates in, the management of a business entity or other organization receiving an investment from the fund; or

(2) owns or controls, directly or indirectly, an interest in a business entity or other organization receiving an investment from the fund.

Sec. 483.0105. CONFLICTS OF INTEREST. (a) Subject to the comptroller's approval, the board shall adopt a code of ethics, including conflict of interest standards, based on standards of professional conduct and ethics common in the financial industry

for conduct governing members of the board and the investment decision-making process. Each member of the board shall affirm in writing the member's compliance with the code of ethics and the corresponding conflict of interest standards.

(b) The conflict of interest standards, at a minimum, must define conflicts of interest and address appropriate standards for recusal, required disclosure of conflicts, waivers of conflicts, and actions required to address undisclosed conflicts.

Sec. 483.0106. BOARD MEMBER TRAINING. (a) Before a member of the board may assume the member's duties, the member must complete a training course provided by the comptroller.

(b) A training course required under this section must provide information to the board member regarding:

(1) the role and functions of the board; and

(2) the requirements of Chapters 551 and 552.

Sec. 483.0107. COMPENSATION AND EXPENSES OF BOARD MEMBERS. Members of the board shall serve without compensation but shall be reimbursed for their actual expenses incurred in attending meetings of the board or in performing other work of the board when that work is approved by the presiding officer of the board.

Sec. 483.0108. BOARD MEETINGS. (a) The board shall meet at least twice each year to review the fund's investments.

(b) The board may conduct a closed meeting in accordance with Subchapter E, Chapter 551, to discuss issues related to managing, acquiring, or selling securities.

Sec. 483.0109. GENERAL POWERS AND DUTIES OF BOARD. (a) The board shall:

(1) oversee the investment of the assets of the fund; and

(2) provide guidance on the investment strategy to be used to manage the assets of the fund.

(b) The board shall develop and require adherence to procedures for operational and investment due diligence on investment opportunities that meet the requirements of this chapter. The procedures must be based upon financial industry best practices.

(c) The board shall develop and maintain a list of target industries and investment opportunities that represent sectors critical to national defense, frontier technologies with the greatest potential to drive innovation, and the diversification of this state's economy.

(d) The board shall establish an investment policy for the fund. Subject to the comptroller's approval, the investment policy, at a minimum, must:

(1) limit fund investment to no more than 20 percent of the estimated total value of any single project calculated at the time of investment;

(2) limit fund participation to no more than 30 percent of the total value of any single entity calculated at the time of the investment;

(3) prioritize investments in entities with a physical presence in this state;

(4) prioritize investments in entities expanding employment opportunities in this state;

(5) prohibit the use of race, color, ethnicity, sex, gender identity, or sexual orientation in investment decisions; and

(6) require compliance with the investment restrictions contained in Chapters 2270, 2271, 2273, 2274, 2275, and 2276.

(e) The board shall establish priorities for the fund's investment program biennially. The board shall consider those priorities when making investment decisions under this chapter.

Sec. 483.0110. INVESTMENT PROCEDURES. (a) Subject to the comptroller's approval, the board shall develop procedures for making investments under this chapter.

(b) For each investment being considered, the trust company or the trust company's designated investment manager shall:

(1) present its due diligence findings to the board;

(2) provide a written investment memorandum

summarizing the investment opportunity, along with an assessment of the expected investment risk and rate of return and estimated effect on this state's economy; and

(3) provide a summary of how each investment opportunity being recommended meets the overall objectives of the board's investment policy and related investment requirements.

Sec. 483.0111. BOARD REPORT. Not later than December 31 of each even-numbered year, the board shall submit a report to the legislature with the following information:

(1) a summary of the investments made using money in the fund during the preceding state fiscal year, including, for each investment, the name of the entity receiving the investment, the amount of the investment, and a brief description of the activities of the entity receiving the investment; and

(2) a summary of the estimated effect of the investments made using money in the fund on this state's economy.

SECTION 2. Section 404.0241, Government Code, is amended by adding Subsection (b-6) to read as follows:

(b-6) Notwithstanding any other law, the comptroller shall designate \$500 million of the economic stabilization fund balance as the initial balance of a separately managed account in the economic stabilization fund. The account shall be known as the Texas future fund, administered by the comptroller, and managed in accordance with Chapter 483.

SECTION 3. As soon as practicable after the effective date of this Act but not later than October 1, 2025, the comptroller of public accounts, governor, and lieutenant governor shall appoint the initial members of the Texas future fund investment review board as required by Section 483.0102, Government Code, as added by this Act. The initial members appointed to the board, other than the member designated as the presiding officer of the board, shall draw lots to determine which three members serve a term that expires January 31, 2027, which three members serve a term that expires January 31, 2029, and which two members serve a term that expires January 31, 2031. The member designated as the presiding officer of the board serves a term that expires January 31, 2031.

SECTION 4. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2025.

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