

CHAPTER 11

S.B. No. 41

AN ACT

relating to the governing board, duties, and executive director of the Texas Department of Commerce and to economic development, including the community development block grant program, certain industries, and the allocation of reservations for certain private activity bonds.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subdivision (1), Section 481.001, Government Code, is amended to read as follows:

(1) "Policy board" [~~"Board"~~] means the *policy* [governing] board to [of] the department.

SECTION 2. Section 481.004, Government Code, as amended by Chapter 332, Acts of the 72nd Legislature, Regular Session, 1991, is amended to read as follows:

Sec. 481.004. **POLICY [GOVERNING] BOARD.** (a) The *policy* [~~department is governed by a~~] board is composed of:

(1) six public members appointed by the governor with the advice and consent of the senate, which members shall be appointed to give geographical representation on the *policy* board to all regions of the state; and

(2) the following ex officio members:

(A) the chairperson of the State Job Training Coordinating Council and the chairperson shall in no event be permitted to claim or receive state per diem for service on the *policy* board;

(B) the presiding officer of the International Trade Commission; and

(C) the presiding officer of the Texas-Mexico Authority.

(b) Appointed members of the *policy* board serve for six-year terms with the *terms* [~~term~~] of *two members* [~~one member~~] expiring February 1 of each odd-numbered year. Ex officio members have the same powers and duties as appointed members.

(c) *Appointments to the policy board shall be made without regard to the race, color, handicap, sex, religion, age, or national origin of the appointees* [~~Before the board's first meeting after the regular appointment of a member, the governor shall select a presiding officer from the board's members~~].

(d) *In making appointments under this section, the governor shall attempt to include members of different minority groups including females, African Americans, Hispanic Americans, Native Americans, Asian Americans, and persons who are disabled.*

SECTION 3. Subchapter A, Chapter 481, Government Code, is amended by adding Sections 481.0041 through 481.0044 to read as follows:

Sec. 481.0041. **REMOVAL OF POLICY BOARD MEMBERS.** (a) *It is a ground for removal from the policy board if a member:*

(1) *violates a prohibition established by Section 481.0042;*

(2) *cannot discharge the member's duties for a substantial part of the term for which the member is appointed because of illness or disability; or*

(3) is absent from more than half of the regularly scheduled policy board meetings that the member is eligible to attend during a calendar year unless the absence is excused by majority vote of the policy board.

(b) The validity of an action of the policy board is not affected by the fact that it is taken when a ground for removal of a policy board member exists.

(c) If the executive director has knowledge that a potential ground for removal exists, the executive director shall notify the presiding officer of the policy board of the ground. The presiding officer shall then notify the governor that a potential ground for removal exists.

Sec. 481.0042. **CONFLICT OF INTEREST.** (a) A member of the policy board or the executive director or an employee of the department may not:

(1) be an officer, employee, or paid consultant of a business entity that contracts with the department;

(2) directly own, control, or have any interest in a business entity that contracts with the department; or

(3) accept or solicit any gift, favor, or service that would reasonably tend to influence the person in the discharge of official duties or that the person knows or should know is being offered with the intent to influence official conduct.

(b) An officer, employee, or paid consultant of a business entity or a trade association of business entities that contracts with the department may not be a member of the policy board or the executive director or employee of the department.

(c) A person who is the spouse of an officer, manager, or paid consultant of a business entity or a trade association of business entities that contracts with the department may not be a member of the policy board or the executive director or an employee of the department.

(d) For the purposes of this section, a trade association is a nonprofit, cooperative, and voluntarily joined association of business or professional competitors designed to assist its members and its industry or profession in dealing with mutual business or professional problems and in promoting their common interest.

(e) A person may not be a member of the policy board or the executive director or an employee of the department if the person is required to register as a lobbyist under Chapter 305, Government Code, because of the person's activities for compensation on behalf of a business entity that has an interest in a contract with the department or a profession related to the operation of the department.

Sec. 481.0043. **OFFICERS; COMPENSATION; MEETINGS.** (a) The governor designates the presiding officer of the policy board. The policy board shall elect from among its members an assistant presiding officer and a secretary.

(b) The policy board shall meet at least quarterly.

(c) A member of the policy board may not receive compensation for service on the policy board. A member is entitled to receive reimbursement, subject to any applicable limitation on reimbursement provided by the General Appropriations Act, for actual and necessary expenses incurred in performing services as a member of the policy board.

(d) The policy board shall develop and implement policies that provide the public with a reasonable opportunity to appear before the policy board and to speak on any issue under the jurisdiction of the policy board.

Sec. 481.0044. **GENERAL POWERS AND DUTIES.** (a) The policy board may adopt rules for its internal management and control.

(b) The policy board shall perform the duties assigned to the department under this chapter or other law.

(c) The policy board possesses the powers and shall perform the duties assigned by law to the department.

(d) The policy board shall report to the governor annually and to the legislature at each regular session on the department's activities. The policy board may make recommendations in those reports on matters under its jurisdiction.

SECTION 4. Section 481.005, Government Code, is amended to read as follows:

Sec. 481.005. EXECUTIVE DIRECTOR; POLICY BOARD DUTIES [STAFF]. *(a) The governor [board] shall appoint the [employ-an] executive director of the department with the advice and consent of the senate. The executive director serves a two-year term expiring February 1 of each odd-numbered year [who shall employ other employees necessary to carry out the board's duties].*

(b) The executive director shall execute a bond payable to the state in an amount set by the members of the policy board conditioned on the faithful performance of the duties of the office. Premiums for the bond are payable from appropriations to the department. The executive director must have demonstrated executive and organizational ability.

(c) The executive director shall manage the affairs of the department. The executive director shall provide administrative support to the members of the policy board that is necessary for the performance of the functions of the members.

(d) The members of the policy board shall establish policy, adopt rules that the policy board may adopt under law, evaluate the implementation of new legislation that affects the department's duties, review and comment on the department's budget, prepare an annual report of the department's activities, conduct investigations and studies, and develop long-range plans for the future goals and needs of the department. The members of the policy board may not be involved in the daily operation of the department. Except for duties related to the approval and issuance of bonds by the department, the policy board may delegate to the executive director the duties of the policy board under this chapter and other law that are not covered by the description of the members' duties under this subsection.

SECTION 5. Subsection (a), Section 481.006, Government Code, is amended to read as follows:

(a) The executive director [board] shall establish the divisions within the department, which may include:

- (1) an administrative division;*
- (2) a promotion and marketing division;*
- (3) a research, planning, and data services division;*
- (4) a domestic business development division;*
- (5) an international business development division;*
- (6) a job training division; and*
- (7) a tourism division.*

SECTION 6. Section 481.007, Government Code, as amended by Chapter 332, Acts of the 72nd Legislature, Regular Session, 1991, is amended to read as follows:

Sec. 481.007. ADVISORY BOARDS. *The executive director or the policy board may appoint [create] advisory committees to assist the executive director or the policy board in the performance of their duties. A member of an advisory committee appointed by the executive director or the policy board may not receive compensation for service on the advisory committee. A member appointed under this section is entitled to receive reimbursement, subject to any applicable limitation on reimbursement provided by the General Appropriations Act, for actual and necessary expenses included in performing service as a member of the advisory committee [boards as it considers necessary].*

SECTION 7. Subchapter A, Chapter 481, Government Code, is amended by adding Sections 481.010 through 481.012 to read as follows:

Sec. 481.010. PERSONNEL. *(a) The executive director shall employ personnel necessary for the performance of department functions. In addition to other person-*

nel, the executive director shall employ a human rights officer and an internal auditor. The internal auditor shall report directly to the governor.

(b) The executive director shall provide to policy board members and department employees, as often as necessary, information regarding their qualifications for office or employment under this chapter and their responsibilities under applicable laws relating to standards of conduct for state officers or employees.

(c) The policy board and executive director shall jointly develop and implement policies that clearly define the respective responsibilities of the members of the policy board and the executive director and staff of the department in accordance with this chapter.

(d) The executive director or the executive director's designee shall develop an intraagency career ladder program. The program shall require intraagency postings of all non-entry-level positions concurrently with any public posting.

(e) The executive director or the executive director's designee shall develop a system of annual performance evaluations. All merit pay for department employees must be based on the system established under this subsection.

(f) The executive director or the executive director's designee shall prepare and maintain a written policy statement to assure implementation of a program of equal employment opportunity under which all personnel transactions are made without regard to race, color, handicap, sex, religion, age, or national origin. The policy statement must include:

(1) personnel policies, including policies relating to recruitment, evaluation, selection, appointment, training, and promotion of personnel;

(2) a comprehensive analysis of the department work force that meets federal and state guidelines;

(3) procedures by which a determination can be made of significant underutilization in the department work force of all persons for whom federal or state guidelines encourage a more equitable balance; and

(4) reasonable methods to appropriately address those areas of significant underutilization.

(g) A policy statement prepared under Subsection (f) must cover an annual period, be updated at least annually, and be filed with the governor's office.

(h) The governor's office shall deliver a biennial report to the legislature based on the information received under Subsection (g). The report may be made separately or as a part of other biennial reports made to the legislature.

Sec. 481.011. FISCAL REPORT. The department shall file annually with the governor and the presiding officer of each house of the legislature a complete and detailed written report accounting for all funds received and disbursed by the department during the preceding fiscal year. The annual report must be in the form and reported in the time provided by the General Appropriations Act.

Sec. 481.012. PUBLIC INTEREST INFORMATION AND COMPLAINTS. (a) The department shall prepare information of public interest describing the functions of the department and the department's procedures by which complaints are filed with and resolved by the department. The department shall make the information available to the public and appropriate state agencies.

(b) The department shall keep an information file about each complaint filed with the department that the department has authority to resolve. If a written complaint is filed with the department that the department has authority to resolve, the department, at least quarterly and until final disposition of the complaint, shall notify the parties to the complaint of the status of the complaint unless the notice would jeopardize an undercover investigation.

(c) The department shall prepare and maintain a written plan that describes how a person who does not speak English or who has a physical, mental, or developmental disability can be provided reasonable access to the department's programs.

SECTION 8. Subsection (a), Section 481.021, Government Code, as amended by Chapter 602, Acts of the 72nd Legislature, Regular Session, 1991, is amended to read as follows:

(a) The department may:

- (1) adopt and enforce rules necessary to carry out this chapter;
- (2) adopt and use an official seal;
- (3) accept gifts, grants, or loans from and contract with any entity;
- (4) sue and be sued;
- (5) acquire and convey property or an interest in property;
- (6) procure insurance and pay premiums on insurance of any type, in accounts, and from insurers as the *department* [~~board~~] considers necessary and advisable to accomplish any of the *department's* [~~its~~] purposes; and
- (7) exercise any other power necessary to carry out this chapter.

SECTION 9. Subsection (a), Section 481.024, Government Code, as amended by Chapter 602, Acts of the 72nd Legislature, Regular Session, 1991, is amended to read as follows:

(a) The Texas Economic Development Corporation on behalf of the state shall carry out the public purposes of this chapter. The creation of the corporation does not limit or impair the rights, powers, and duties of the department provided by this chapter. The corporate existence of the Texas Economic Development Corporation begins on the issuance of a certificate of incorporation by the secretary of state. The members of the *policy* board serve ex officio as the board of directors of the corporation. The corporation has the powers and is subject to the limitations provided for the department by this chapter in carrying out the public purposes of this chapter. The corporation has the rights and powers of a nonprofit corporation incorporated under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes) except to the extent inconsistent with this section. The corporation may contract with the department and with bond counsel, financial advisors, or underwriters as its board of directors considers necessary.

SECTION 10. Subsection (b), Section 481.044, Government Code, is amended to read as follows:

(b) The department has the powers that are necessary and convenient to accomplish the purposes of this subchapter, including the power to:

- (1) borrow money and otherwise incur debt and to issue bonds, and provide for the rights of the owners of the bonds, in the manner and to the extent permitted by this chapter and the Texas Constitution and to purchase, hold, cancel, or resell or otherwise dispose of its bonds, subject to the restrictions in a resolution authorizing the issuance of its bonds;
- (2) purchase, discount, sell, and negotiate with or without guaranty notes, bonds, debentures, and other evidences of indebtedness of export businesses or portions or portfolios of or participations in those evidences of indebtedness;
- (3) sell securities as the department considers necessary and advisable to accomplish any of the purposes of this subchapter;
- (4) procure and pay premiums on insurance of any type in amounts and from insurers that the department considers necessary and advisable to accomplish any of the purposes of this subchapter;
- (5) provide financial counseling services to export businesses;
- (6) make secured or unsecured loans for export businesses to provide financing or refinancing of the costs incurred in connection with the international export or pre-export of Texas products authorized by this subchapter, including the refunding of outstanding obligations, mortgages, or advances issued for those purposes, and charge and collect, on terms and conditions that the *policy* board considers advisable and not in conflict with this subchapter, interest on those loans for loan payments;

(7) secure the payment by the state or the department on guarantees and pay claims from money in the department's funds under any guarantee or insurance program implemented by the department; and

(8) acquire, hold, invest, use, and dispose of the receipts, funds, and money, subject only to the Texas Constitution, this subchapter, and any covenants relating to the department's bonds in classes of investments that the *policy* board determines.

SECTION 11. Subsections (a) and (c), Section 481.048, Government Code, are amended to read as follows:

(a) The department by rule shall establish criteria for determining which export businesses may participate in programs established by the department. The rules must state that the department's policy is to provide programs for providing to export businesses financial assistance that:

(1) otherwise would not be made;

(2) the *policy* board considers to present a reasonable risk and have a sufficient likelihood of repayment; and

(3) will create or maintain employment in the state.

(c) Financial assistance under this subchapter must be approved by the *policy* board. The *policy* board may delegate that approval authority to the executive director.

SECTION 12. Subsections (a) and (b), Section 481.050, Government Code, are amended to read as follows:

(a) A member of the *policy* board, the *executive director*, or an agent or employee of the department, in the person's own name or in the name of a nominee, may not hold an ownership interest of more than the following amount in an association, trust, corporation, partnership, or other entity that is, in its own name or in the name of a nominee, a party to a contract or agreement under this subchapter on which the member of the *policy* board, *executive director*, agent, or employee may be called on to act or vote:

(1) 7½ percent of the fair market value of the entity; or

(2) \$50,000.

(b) With respect to a direct or indirect interest, other than an interest prohibited by Subsection (a), in a contract or agreement under this subchapter on which the member of the *policy* board, *executive director*, agent, or employee may be called on to act or vote, the member of the *policy* board, *executive director*, agent, or employee shall disclose the interest to the secretary of the department before the department takes final action concerning the contract or agreement and shall disclose the nature and extent of the interest and the person's acquisition of it. The department shall publicly acknowledge this disclosure and enter it in its minutes. A member of the *policy* board, *executive director*, agent, or employee who holds such an interest may not be officially involved in regard to the contract or agreement, may not vote on a matter relating to the contract or agreement, and may not communicate with the *executive director* or other members, agents, or employees concerning the contract or agreement. Notwithstanding any other provision of law, a contract or agreement entered into in conformity with this subsection is not invalid because of an interest described by this subsection nor is a person who complies with this subsection guilty of an offense, and the person may not be removed from office or be subjected to other penalty because of the interest.

SECTION 13. Section 481.051, Government Code, is amended to read as follows:

Sec. 481.051. PERSONAL LIABILITY OF MEMBERS OR PERSONS ACTING ON BEHALF OF DEPARTMENT. (a) A member of the *policy* board, the *executive director*, or any other person acting on behalf of the department in executing a contract, commitment, or agreement under this subchapter is not personally liable on the contract, commitment, or agreement.

(b) A member of the *policy* board, the *executive director*, or any other person acting on behalf of the department is not personally liable for damage or injury resulting from the performance of duties under this subchapter.

SECTION 14. Subsection (b), Section 481.052, Government Code, is amended to read as follows:

(b) In the resolution authorizing the bonds the *policy board* [~~department~~] may provide for the bonds to:

(1) be executed and delivered at any time as a single issue or from time to time as several issues;

(2) be in any denomination and form, including registered uncertificated obligations not represented by written instruments and commonly known as book-entry obligations, the registration of ownership and transfer of which the department shall provide for under a system of books and records maintained by a bank serving as trustee, paying agent, or bond registrar;

(3) be of a tenor;

(4) be in coupon or registered form;

(5) be payable in installments and at a time or times not exceeding five years from their date;

(6) be subject to terms of redemption;

(7) be payable at a place or places;

(8) bear no interest or bear interest at any rate or rates, fixed, variable, floating, or otherwise determined by the department or determined under a contractual arrangement approved by the *policy board*, except that the maximum net effective interest rate, computed in accordance with Chapter 3, Acts of the 61st Legislature, Regular Session, 1969 (Article 717k-2, Vernon's Texas Civil Statutes), on the bonds may not exceed a rate equal to the maximum annual interest rate established for business loans of \$250,000 or more in this state, payable at the place or places and evidenced in the manner; and

(9) contain provisions not inconsistent with this subchapter.

SECTION 15. Subsection (a), Section 481.053, Government Code, is amended to read as follows:

(a) The bonds may be sold at public or private sale at a price and in a manner and from time to time as the *policy board's* resolutions authorizing issuance of the bonds provide.

SECTION 16. Subsection (b), Section 481.056, Government Code, is amended to read as follows:

(b) The department shall establish and maintain a separate fund into which the proceeds from the sale of the bonds shall be deposited. All other money received by the department under this subchapter, except money required to be deposited in the Texas exporters loan fund, shall also be deposited in this fund. The *policy board* may provide for the establishment and maintenance of separate accounts within the fund, including interest and sinking accounts, reserve accounts, program accounts, and other accounts, all of which shall be kept and held in escrow and in trust by the state treasurer for and on behalf of the department and the owners of the bonds as funds outside the treasury under Section 404.073 and may be used only as provided by this subchapter. Pending use, the state treasurer may invest and reinvest the money in the fund in investments authorized by law for state funds that the state treasurer, with the approval of the *policy board* and consistent with [its] resolutions authorizing the bonds, considers appropriate. Earnings on those investments shall be deposited in the fund. The department is authorized to use money deposited in the fund for the purposes specified in and according to the procedures established by this subchapter, and the state may not take any action with respect to the fund other than as specified by this subchapter and in the resolutions of the *policy board*.

SECTION 17. Subsection (b), Section 481.073, Government Code, is amended to read as follows:

(b) The *policy board* has the powers that are necessary to accomplish the purposes of this subchapter, including the powers granted to industrial development corporations by

Section 23 of the Development Corporation Act, except those provided by Subsections (a)(7), (8), (9), and (10) of that section, and Sections 26, 27, and 29 of that Act.

SECTION 18. Subsection (a), Section 481.075, Government Code, is amended to read as follows:

(a) The department shall adopt rules to establish criteria for determining which users may participate in programs established by the department under this subchapter. The department shall adopt collateral or security requirements to ensure the full repayment of any loan, lease, or installment sale and the solvency of any program implemented under this subchapter. The *policy* board must approve all leases and sale and loan agreements made under this subchapter except that the *policy* board may delegate this approval authority to the executive director.

SECTION 19. Subsection (c), Section 481.076, Government Code, is amended to read as follows:

(c) The department, after consultation with the Central Education Agency, may:

(1) provide preemployment and developmental training to provide employment opportunities in new or expanding industries;

(2) provide preemployment and developmental training to provide civilian employment opportunities with federal military reservations in this state;

(3) conduct industrial training seminars in conjunction with public or private employers; ~~and~~

(4) *provide skill upgrades in conjunction with public or private employers for currently employed work force that are necessary for the members of the work force to retain their jobs; and*

(5) adopt rules or take other actions considered necessary by the department to fully implement this section.

SECTION 20. Subsection (a), Section 481.222, Government Code, as amended by Chapter 602, Acts of the 72nd Legislature, Regular Session, 1991, is amended to read as follows:

(a) The Texas product development fund is a revolving fund in the state treasury. The fund consists of money appropriated to the department, interest paid on money in the fund, proceeds of bonds issued under this chapter, application fees, loan repayments, guarantee fees, royalty receipts, dividend income, and other amounts received by the state from loans, loan guarantees, and equity investments made under this subchapter, other amounts received by the state for loans or grants made under this subchapter, and money acquired from federal grants or other sources. The fund contains a program account, an interest and sinking account, and other accounts that the *policy* board authorizes to be created and maintained. Money in the fund is available for use by the department under this subchapter.

SECTION 21. Subsections (a) through (d), Section 481.226, Government Code, are amended to read as follows:

(a) The *policy* board may issue up to \$25 million of general obligation bonds and may use the proceeds of the bonds to provide venture financing under this subchapter. The *policy* board shall deposit the proceeds of the bonds in the Texas product development fund and apply them in accordance with the resolution authorizing the bonds. The fund and any accounts established in the fund shall be held in trust by the state treasurer for and on behalf of the department and the owners of the general obligation bonds issued in accordance with this section, and may be used only as provided by this section. Pending use, the treasurer may invest and reinvest money in the fund in investments authorized by law for state funds that the treasurer, consistent with the *policy* board's resolutions authorizing the bonds, considers appropriate. Repayments of financial assistance provided under this subchapter, together with earnings received on investments of the product development funds, shall be deposited first, in the interest and sinking account as prescribed by the *policy* board's resolutions authorizing bonds under this subchapter and second, in any reserve account established by the *policy* board until that account is fully funded as prescribed by the *policy* board's resolutions. If, during the time any general

obligation bonds are payable from the interest and sinking account, the *policy* board determines that there will not be sufficient money in the interest and sinking account during the following fiscal year to pay the principal of or interest on the general obligation bonds or both the principal and interest that are to come due during the following fiscal year, the comptroller of public accounts shall transfer to the fund the first money coming into the state treasury not otherwise appropriated by the constitution in an amount sufficient to pay the obligations.

(b) The bonds may be issued from time to time in one or more series or issues, in bearer, registered, or any other form, which may include registered uncertificated obligations not represented by written instruments and commonly known as book-entry obligations, the registration of ownership and transfer of which shall be provided for by the *policy* board under a system of books and records maintained by the department or by an agent appointed by the *policy* board in a resolution providing for issuance of its bonds. Bonds may mature serially or otherwise not more than 40 years from their date. Bonds may bear no interest or may bear interest at any rate or rates, fixed, variable, floating, or otherwise, determined by the *policy* board or determined pursuant to any contractual arrangements approved by the *policy* board, not to exceed the maximum net effective interest rate allowed by Chapter 3, Acts of the 61st Legislature, Regular Session, 1969 (Article 717k-2, Vernon's Texas Civil Statutes). Interest on the bonds may be payable at any time and the rate of interest on the bonds may be adjusted at any time determined by the *policy* board pursuant to the resolutions authorizing the bonds or determined pursuant to any contractual arrangement approved by the *policy* board. In connection with the issuance of its bonds, the *policy* board may exercise the powers granted to the governing body of an issuer in connection with the issuance of obligations under Chapter 656, Acts of the 68th Legislature, Regular Session, 1983 (Article 717q, Vernon's Texas Civil Statutes), to the extent not inconsistent with this section. The bonds may be issued in the form and denominations and executed in the manner and under the terms, conditions, and details determined by the *policy* board in the resolution authorizing their issuance. If any officer whose manual or facsimile signature appears on the bonds ceases to be an officer, the signature remains valid and sufficient for all purposes as if the officer had remained in office.

(c) All bonds issued by the *policy* board under this section are subject to review and approval by the attorney general in the same manner and with the same effect as is provided by Chapter 656, Acts of the 68th Legislature, Regular Session, 1983 (Article 717q, Vernon's Texas Civil Statutes).

(d) The bonds are a legal and authorized investment for a bank, trust company, savings and loan association, insurance company, fiduciary, trustee, or guardian or a sinking fund of a municipality, county, school district, or political subdivision of the state. The bonds may secure deposits of public funds of the state, a municipality, a county, a school district, or another political corporation or subdivision of the state. The *policy* board may issue bonds to refund all or part of its outstanding bonds, including accrued but unpaid interest. The bonds, a transaction relating to the bonds, or a profit made in the sale of the bonds is exempt from taxation by the state, an agency or subdivision of the state, a municipality, or a special district.

SECTION 22. Subsection (f), Section 481.230, Government Code, as added by Chapter 602, Acts of the 72nd Legislature, Regular Session, 1991, is amended to read as follows:

(f) *The executive director, a [A] member of the policy board, advisory board, or other person acting on behalf of the department in executing a contract, commitment, or agreement under this subchapter is not personally liable on the contract, commitment, or agreement. The executive director, a [A] member of the policy board, advisory board, or other person acting on behalf of the department is not personally liable for damage or injury resulting from the performance of duties under this subchapter.*

SECTION 23. Subsection (e), Section 481.238, Government Code, is amended to read as follows:

(e) *The policy board shall determine the rate of interest on loans made under this subchapter. Payment of interest and principal on a loan may be deferred at the discretion of the department.*

SECTION 24. Subsections (a) through (c), Section 481.244, Government Code, are amended to read as follows:

(a) The *policy* board may issue up to \$20 million of general obligation bonds and may use the proceeds, less the costs of issuance of the bonds, to carry out the small business incubator program in accordance with the resolution authorizing the bonds. The *policy* board shall deposit the proceeds of the bonds in the small business incubator fund and apply them in accordance with the resolution authorizing the bonds. The fund and any accounts established in the fund shall be held in trust by the state treasurer for and on behalf of the department and the owners of the general obligation bonds issued in accordance with this section, and may be used only as provided by this subchapter. Pending use, the treasurer may invest and reinvest money in the fund in investments authorized by law for state funds that the treasurer, consistent with the *policy* board's resolutions authorizing the bonds, considers appropriate. Repayments of financial assistance provided under this subchapter, together with earnings received on investments of the fund, shall be deposited first, in the interest and sinking account as prescribed by the *policy* board's resolutions authorizing bonds under this article and second, in any reserve account established by the *policy* board until that account is fully funded as prescribed by the *policy* board's resolutions. If, during the time any general obligation bonds are payable from the interest and sinking account, the *policy* board determines that there will not be sufficient money in the interest and sinking account during the following fiscal year to pay the principal of or interest on the general obligation bonds or both the principal and interest that are to come due during the following fiscal year, the comptroller of public accounts shall transfer to the fund the first money coming into the state treasury not otherwise appropriated by the constitution in an amount sufficient to pay the obligations.

(b) The bonds may be issued from time to time in one or more series or issues, in bearer, registered, or any other form, which may include registered uncertificated obligations not represented by written instruments and commonly known as book-entry obligations, the registration of ownership and transfer of which shall be provided for by the *policy* board under a system of books and records maintained by the department or by an agent appointed by the *policy* board in a resolution providing for issuance of its bonds. Bonds may mature serially or otherwise not more than 40 years from their date. Bonds may bear no interest or may bear interest at any rate or rates, fixed, variable, floating, or otherwise, determined by the *policy* board or determined pursuant to any contractual arrangements approved by the *policy* board, not to exceed the maximum net effective interest rate allowed by Chapter 3, Acts of the 61st Legislature, Regular Session, 1969 (Article 717k-2, Vernon's Texas Civil Statutes). Interest on the bonds may be payable at any time and the rate of interest on the bonds may be adjusted at any time determined by the *policy* board pursuant to the resolutions authorizing the bonds or determined pursuant to any contractual arrangement approved by the *policy* board. In connection with the issuance of its bonds, the *policy* board may exercise the powers granted to the governing body of an issuer in connection with the issuance of obligations under Chapter 656, Acts of the 68th Legislature, Regular Session, 1983 (Article 717q, Vernon's Texas Civil Statutes), to the extent not inconsistent with this section. The bonds may be issued in the form and denominations and executed in the manner and under the terms, conditions, and details determined by the *policy* board in the resolution authorizing their issuance. If any officer whose manual or facsimile signature appears on the bonds ceases to be an officer, the signature remains valid and sufficient for all purposes as if the officer had remained in office.

(c) All bonds issued by the *policy* board under this section are subject to review and approval by the attorney general in the same manner and with the same effect as is provided by Chapter 656, Acts of the 68th Legislature, Regular Session, 1983 (Article 717q, Vernon's Texas Civil Statutes).

SECTION 25. Section 481.292, Government Code, is amended to read as follows:

Sec. 481.292. ADMINISTRATION. The Office of Advanced Technology shall implement this subchapter as directed by the *policy* board.

SECTION 26. Subsection (e), Section 481.297, Government Code, as added by Chapter 602, Acts of the 72nd Legislature, Regular Session, 1991, is amended to read as follows:

(e) A member of the *policy* board, advisory board, or other person acting on behalf of the department in executing a contract, commitment, or agreement under this subchapter is not personally liable on the contract, commitment, or agreement.

SECTION 27. Section 481.309, Government Code, is amended to read as follows:

Sec. 481.309. ADMINISTRATION. The Office of Advanced Technology shall implement this subchapter as directed by the *policy* board.

SECTION 28. Article 4413(501), Revised Statutes; as added by Chapter 762, Acts of the 72nd Legislature, Regular Session, 1991, is amended by adding Sections 2.06, 2.07, 2.08, 2.09, and 2.10 to read as follows:

Sec. 2.06. ADMINISTRATION OF COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM. *The department, through the community affairs division, shall, under the federal Omnibus Budget Reconciliation Act of 1981 (Pub. L. No. 97-35) and 24 CFR, Part 570, Subpart I, administer the state's allocation of federal funds provided under the community development block grant nonentitlement program authorized by Title I of the Housing and Community Development Act of 1974 (42 U.S.C. Section 5301 et seq.).*

Sec. 2.07. ALLOCATION RULES. *Community development block grant program funds shall be allocated to eligible counties and municipalities according to department rules.*

Sec. 2.08. ALLOCATION SHARING. *The department may enter into interagency agreements with the Texas Department of Commerce to transfer not more than 20 percent of the federal funds received by the department to the Texas Department of Commerce to be used for economic development. The federal funds transferred to the Texas Department of Commerce include the amount of federal funds to be used for administrative expenses in accordance with federal law. Any income generated from the economic development programs of the Texas Department of Commerce remain with that agency. The use of funds transferred to the Texas Department of Commerce under this section must be approved by the department, and all rules of the Texas Department of Commerce relating to the funds transferred under this section must be approved by the department.*

Sec. 2.09. UNUSED FEDERAL FUNDS. *Any federal funds transferred under Section 2.08 of this article to the Texas Department of Commerce that are not used on a timely basis, as specified by federal guidelines, shall be returned to the department under the terms of an interagency agreement.*

Sec. 2.10. STATE COMMUNITY DEVELOPMENT REVIEW COMMITTEE. (a) *The state community development review committee consists of 12 members, appointed by the governor, each of whom must be a member of the governing body of a county or municipality eligible for funding under the program or a supervisory-level county or municipal employee whose regular duties include involvement in community development activities. The number of county officials on the committee, expressed as a ratio of all committee members, may not exceed the number of counties eligible for funding under the community development block grant program, expressed as a ratio of all eligible applicants.*

(b) *The chairman of the committee shall be designated by the governor and serve at the governor's pleasure.*

(c) *Members of the committee serve two-year terms expiring February 1 of each odd-numbered year. If a vacancy occurs on the committee, the governor shall appoint a new member to fill the remaining portion of the unexpired term.*

(d) *Committee members serve without compensation for services on the committee but are entitled to be reimbursed for reasonable and necessary expenses incurred in performing their duties. Service on the committee by officers and employees of counties and municipalities is considered as an additional duty of their office or employment and may not be construed as dual officeholding.*

(e) *The committee shall meet at least twice annually at the call of the director.*

(f) *The committee shall:*

(1) *consult with and advise the director on the administration and enforcement of the program; and*

(2) *review applications submitted by counties and municipalities eligible for funding under the program and advise and assist the director with respect to the allocation of program funds to those applicants.*

(g) *The committee may recommend annually to the director a formula for allocation of funds to each geographic state planning region established by the governor as provided by Chapter 391, Local Government Code. The formula must give preference to regions according to the regions' needs.*

SECTION 29. Subtitle F, Government Code, is amended by adding Chapter 485 to read as follows:

CHAPTER 485. MUSIC, FILM, TELEVISION, AND MULTIMEDIA INDUSTRIES

Sec. 485.001. *DEFINITIONS. In this chapter, "office" means the Music, Film, Television, and Multimedia Office.*

Sec. 485.002. *ESTABLISHMENT. The Music, Film, Television, and Multimedia Office is established in the office of the governor.*

Sec. 485.003. *DIRECTOR; STAFF. The governor may employ a director who may employ other employees necessary to carry out the office's duties.*

Sec. 485.004. *PROMOTION; DUTIES. (a) The office shall promote the development of the music industry in the state by informing members of that industry and the public about the resources available in the state for music production.*

(b) *The office shall promote the development of the film, television, and multimedia industries in this state by informing members of those industries and the public of the resources available in this state for film, television, and multimedia production.*

(c) *State agencies and political subdivisions of this state shall cooperate with the office to the greatest extent possible to fully implement the goal of promoting the development of the music, film, television, and multimedia industries in this state.*

Sec. 485.005. *ADVISORS. (a) The office may appoint advisors to assist in the administration of this chapter.*

(b) *An advisor serves without compensation but is entitled to necessary and actual expenses incurred in performing duties under this chapter.*

Sec. 485.006. *GIFTS AND GRANTS. The office may accept gifts, grants, and other funds specifically designated by the donor or grantor for use in developing the music, film, television, and multimedia industries of this state.*

Sec. 485.007. *MUSIC, FILM, TELEVISION, AND MULTIMEDIA FUND. The music, film, television, and multimedia fund is in the state treasury. The continued existence of this fund is determined by the provisions of S.B. No. 3, Acts of the 72nd Legislature, 1st Called Session, 1991. All gifts, grants, and other funds received by the office under this chapter shall be deposited to the credit of the fund and may be used only for the purposes of this chapter.*

SECTION 30. Subchapters J and K, Chapter 481, Government Code, are repealed.

SECTION 31. Subsection (a), Section 3, Texas Job-Training Partnership Act (Article 4413(52), Vernon's Texas Civil Statutes), is amended to read as follows:

(a) It is a goal of this state to assist its citizens in obtaining gainful employment and in reducing dependency on public assistance and unemployment compensation by:

(1) preparing young people and unskilled adults who are economically disadvantaged for entry into the work force;

(2) assisting citizens faced with serious barriers to employment to overcome those barriers, including age, handicapped status, lack of education, and locality;

(3) taking an affirmative role in ensuring the maximum utilization of available resources in planning, implementing, and facilitating this Act through a partnership of individuals from the various diverse communities of the state, including but not limited to representatives of business communities, local and state government, ethnic communities, education communities, and the various cultural and socio-economic communities, to participate in decision-making and policy-making activities associated with programs created under this Act; and

(4) retraining individuals whose current skills are no longer in demand in the labor market *or who have been laid off from full-time employment*, and who must upgrade their work skills to return to the work force.

SECTION 32. Subsection (b), Section 8, Texas Job-Training Partnership Act (Article 4413(52), Vernon's Texas Civil Statutes), is amended to read as follows:

(b) The state hereby establishes a State Job Training Coordinating Council as required by the federal Act, hereinafter referred to as the "state council". The state council shall:

(1) be appointed by the governor in accordance with the requirements of the federal Act;

(2) have not more than 40 members including the chairperson;

(3) meet not less than quarterly;

(4) develop and recommend statewide goals and program objectives;

(5) identify needs for training and employment services;

(6) review operations of local programs and state agencies providing job-training, employment, and related programs identified in the federal Act;

(7) establish criteria for coordinating program planning and operations;

(8) evaluate the results of state and local training and employment services;

(9) develop and recommend the state's coordination and special services plan to the governor;

(10) perform the functions formerly conducted by the State Coordinating Committee for the work incentive program under Title IV of the Social Security Act, the advisory council established under the Wagner-Peyser Act (29 U.S.C. 49) and under the Texas Unemployment Compensation Act (Article 5221b-1 et seq., Vernon's Texas Civil Statutes);

(11) assist each Private Industry Council in developing programs to serve AFDC recipients; [and]

(12) *develop conflict-of-interest guidelines relating to the participation of a member of a Private Industry Council in a contract with the service delivery area administered by that Private Industry Council; and*

(13) perform such functions and duties relating to job-training, employment, and related programs as required by the federal Act or as assigned by the governor.

SECTION 33. Subsections (a) and (b), Section 9A, Texas Job-Training Partnership Act (Article 4413(52), Vernon's Texas Civil Statutes), are amended to read as follows:

(a) The Texas Department of Commerce is authorized to enter into contracts with *public community and junior colleges and private, nonprofit organizations that conduct model or exemplary youth programs that meet the unique educational needs of student dropouts to provide educational services to student dropouts.* A contract under this section must be made in accordance with the same procedure by which a state agency contracts with a private consultant under Chapter 454, Acts of the 65th Legislature, Regular Session, 1977 (Article 6252-11c, Vernon's Texas Civil Statutes).

(b) A contract under this section must be structured to encourage partnerships among the public school districts, *public community and junior colleges, private industry councils, and private, nonprofit organizations described in Subsection (a) of this section.*

SECTION 34. Section 1, Chapter 1092, Acts of the 70th Legislature, Regular Session, 1987 (Article 5190.9a, Vernon's Texas Civil Statutes), is amended by adding Subdivision (19) to read as follows:

(19) *“Qualified residential rental project issue” means an issue of bonds for a qualified residential rental project, as that term is defined under Section 142(d) of the code.*

SECTION 35. Subsections (b) and (e), Section 2, Chapter 1092, Acts of the 70th Legislature, Regular Session, 1987 (Article 5190.9a, Vernon’s Texas Civil Statutes), as amended by Chapter 762, Acts of the 72nd Legislature, Regular Session, 1991, are amended to read as follows:

(b) Prior to September 1, (1) 28 [33] percent of the state ceiling is available exclusively for reservations by issuers of qualified mortgage bonds, (2) 17.5 [15] percent of the state ceiling is available exclusively for reservations by issuers of state-voted issues, (3) 7.5 [10] percent of the state ceiling is available exclusively for reservations by issuers of qualified small issue bonds, [and] (4) *five percent of the state ceiling is available exclusively for reservations by issuers of qualified residential rental project issues; and (5) 4.2 percent [the balance] of the state ceiling is available exclusively for reservations by all other issuers of bonds requiring an allocation.*

(e) *Notwithstanding the provisions of [Except as provided in] Subsection (f) of this section, if qualified mortgage bonds or qualified small issue bonds no longer qualify for treatment as tax-exempt obligations under the provisions of the code, then the provisions of Subsection [Subsections] (b)(1) or [and] (3) of this section, or both, as applicable, shall be null and void, and the portion of the state ceiling that is available exclusively for reservations by issuers of qualified mortgage bonds or qualified small issue bonds, or both, as applicable, shall be reallocated proportionately by March 1 for reservations by each other category of issuers under Subsection (b) of this section.*

SECTION 36. Subsection (c), Section 3, Chapter 1092, Acts of the 70th Legislature, Regular Session, 1987 (Article 5190.9a, Vernon’s Texas Civil Statutes), as amended by Chapter 602, Acts of the 72nd Legislature, Regular Session, 1991, is amended to read as follows:

(c) The board shall not grant a reservation of a portion of the state ceiling to any issuer prior to January 10. If two or more issuers apply for a reservation of state ceiling in a category described in Subsections (b)(2), (b)(3), [and] (b)(4), and (b)(5) of Section 2 of this Act on or before January 10, reservations within that category shall be granted from the state ceiling available in that category in an order determined by the board by lot. If two or more housing finance corporations apply for a reservation of state ceiling in the category described by Section 2(b)(1) of this Act on or before January 10, reservations within that category shall be granted from the state ceiling available in that category according to the following categories of priority: (1) the first category of priority shall include those applications for a reservation filed by housing finance corporations which filed an application for a reservation on behalf of the same local population prior to September 1 of the previous calendar year, but which did not receive a reservation during such year; (2) the second category of priority shall include those applications for a reservation filed by housing finance corporations to which state ceiling could not be made available by August 31 for that calendar year because of the application of Section 4(b) of this Act; (3) the third category of priority shall include those applications for a reservation not included in the first and second categories of priority; and (4) within each category of priority, reservations shall be granted in reverse calendar year order of the most recent closing of qualified mortgage bonds by each housing finance corporation, with the most recent closing being the last to receive a reservation and with those housing finance corporations that have never received a reservation for mortgage revenue bonds being the first to receive a reservation, and, in the case of closings occurring on the same date, reservations shall be granted in an order determined by the board by lot. All applications for a reservation filed after January 10 by any issuer for the issuance of bonds shall be accepted by the board in their order of receipt.

SECTION 37. Section 3, Chapter 1092, Acts of the 70th Legislature, Regular Session, 1987 (Article 5190.9a, Vernon’s Texas Civil Statutes), is amended by adding Subsections (e) and (f) to read as follows:

(e) *If any portion of state ceiling in any category described in Section 2(b) of this Act from which issuers were granted reservations becomes available in that category*

before June 1, those amounts shall be aggregated and reservations shall be granted from that category on June 1. If any portion of state ceiling from which issuers were granted reservations becomes available in that category after June 1 and before August 25, those amounts shall be aggregated and reservations shall be granted from that category on August 25. The department may also grant a reservation to an issuer at any time on or after January 10 if the amount of state ceiling available in any category exceeds the amount of state ceiling applied for in that category.

(f) An issuer may refuse to accept a reservation if the amount of state ceiling available is less than the amount for which the issuer applied under Section 4 of this Act. The amount of available state ceiling is subject to the grant of a reservation to each succeeding issuer eligible to receive a reservation of that available state ceiling in the order of priority determined in accordance with this Act. An issuer's refusal to accept a reservation does not affect the issuer's order of priority determined in accordance with this Act for a subsequent receipt of a reservation.

SECTION 38. Subsections (a), (d), and (e), Section 7, Chapter 1092, Acts of the 70th Legislature, Regular Session, 1987 (Article 5190.9a, Vernon's Texas Civil Statutes), as amended by Chapter 602, Acts of the 72nd Legislature, Regular Session, 1991, are amended to read as follows:

(a) Except as provided in Subsection (b) of this section, the issuer shall close on the bonds for which a reservation has been granted not later than the 90th [60th] day after the reservation date. ~~[The 60-day period may be extended by 15 days if, before the end of the 60-day period, the issuer submits to the board a written request for the extension. The request must state the specific deadline requested. The board may approve the request if it considers the requested deadline appropriate.]~~

(d) Not later than the fifth day after the day on which the bonds are closed, the issuer shall submit to the board:

(1) ~~[the remaining closing fee, based on the principal amount of the bonds certified as provided by Section 6(a)(2) of this Act;~~

~~[(2)]~~ a written notice stating the delivery date of the bonds and the principal amount of the bonds issued; and

(2) ~~[(3)]~~ a certified copy of the document authorizing the bonds and other documents relating to the issuance of the bonds, including a statement of the bonds':

(A) principal amount;

(B) interest rate or formula by which the interest rate is calculated;

(C) maturity schedule; and

(D) purchaser or purchasers.

~~(e) The board shall adopt rules that require the payment of closing fees simultaneously with the closing on the bonds. [On failure of the issuer to submit the documents and fee described by Subsection (d) of this section before this deadline, the issuer's reservation is canceled.]~~

SECTION 39. Subchapter N, Chapter 481, Government Code, is repealed.

SECTION 40. Subsection (a), Section 3, Texas Enterprise Zone Act (Article 5190.7, Vernon's Texas Civil Statutes), is amended to read as follows:

(a) In this Act:

(1) "Administrative authority" means a board, commission, or committee appointed by a governing body to administer this Act in a local enterprise zone.

(2) "Day" means the period of time between 8 a.m. and 5 p.m. on any day other than a Saturday, Sunday, or state or federal holiday.

(3) "Department" means the Texas Department of Commerce.

(4) ~~[(3)]~~ "Depressed area" means an area within the jurisdiction of a county or municipality designated by ordinance or order ~~[or resolution]~~ and that meets the criteria set by this Act.

(5) ~~[(4)]~~ "Economically disadvantaged individual" means an individual who:

(A) for at least ~~three~~ [six] months before obtaining employment with a qualified business was unemployed; ~~or~~

(B) receives [received] public assistance benefits, such as welfare payments and food stamp payments, based on need and intended to alleviate poverty; ~~or~~

(C) is an economically disadvantaged individual, as defined by Section 4(8), Job Training Partnership Act (29 U.S.C. Section 1503(8));

(D) is an individual with handicaps, as defined by 29 U.S.C. Section 706(8);

(E) is an individual who is an inmate, as defined by Section 498.001, Government Code, or who is entering the workplace after being confined in a unit of the institutional division of the Texas Department of Criminal Justice or a correctional facility authorized by Chapter 495, Government Code; or

(F) is an individual who meets the current low income or moderate income limits developed under Section 8, United States Housing Act of 1937 (42 U.S.C. Section 1437f). ~~[For purposes of this subdivision, an individual is unemployed if the individual is not employed and has exhausted all unemployment benefits, whether or not the individual is actively seeking employment.]~~

(6) [(5)] "Enterprise project" means a qualified business designated by the department as an enterprise project under Section 10 of this Act that is eligible for the state tax incentives provided by law for an enterprise project.

(7) [(6)] "Enterprise zone" means an area of the state designated by the department as an enterprise zone under Section 9 of this Act.

(8) [(7)] "Governing body" with respect to an enterprise zone means the governing body of a municipality or county that has applied to have an area within its jurisdiction designated as an enterprise zone.

(9) [(8)] "Neighborhood enterprise association" means a private sector neighborhood organization within an enterprise zone that meets the criteria set by this Act.

(10) [(9)] "New permanent job" means a new employment position that is:

(A) created by a qualified business that has provided employment to a qualified employee of at least 1,040 hours annually; and

(B) intended to be an employment position retained during the period the business is designated as an enterprise project.

(11) [(10)] "Qualified business" means a person, including a corporation or other entity, that the department, for purposes of state benefits under this Act, and a governing body, for purposes of local benefits, certifies to have met the following criteria:

(A) the person is engaged in or has provided substantial commitment to initiate the active conduct of a trade or business in the zone; and

(B) at least 25 percent of the business's new employees in the zone are residents of any zone within the governing body's or bodies' jurisdiction or economically disadvantaged individuals; and

~~[(C) if a business that is already active within the enterprise zone at the time it is designated and that operates continuously after that time, the business has hired residents of any zone within the governing body's or bodies' jurisdiction or economically disadvantaged workers after the designation so that those individuals constitute at least 25 percent of the business's new or additional employees in the zone].~~

(12) [(11)] "Qualified employee" means an employee who works for a qualified business and who performs at least 50 percent of his service for the business within the enterprise zone.

(13) [(12)] "Qualified property" means:

(A) tangible personal property located in the zone that was acquired by a taxpayer not earlier than the 90th day before the date of [after] designation of the area as an enterprise zone and was used predominantly by the taxpayer in the active conduct of a trade or business;

(B) real property located in a zone that:

(i) was acquired by the taxpayer *not earlier than the 90th day before the date of [after]* designation of the zone and used predominantly by the taxpayer in the active conduct of a trade or business; or

(ii) was the principal residence of the taxpayer on the date of the sale or exchange; or

(C) interest in a corporation, partnership, or other entity if, for the most recent taxable year of the entity ending before the date of sale or exchange, the entity was a qualified business.

SECTION 41. Section 4, Texas Enterprise Zone Act (Article 5190.7, Vernon's Texas Civil Statutes), is amended by amending Subsections (a), (b), and (d) and adding Subsection (f) to read as follows:

(a) An area of a municipality, county, or combination of these local governments may be designated as an enterprise zone if it:

(1) has a continuous boundary;

(2) is at least one square mile in size but does not exceed the larger of the following:

(A) 10 square miles (exclusive of lakes, [and] waterways, and transportation arteries); or

(B) five percent of the area of the municipality, county, or combination of municipalities or counties nominating the area as an enterprise zone, but not more than 20 square miles (exclusive of lakes, [and] waterways, and transportation arteries);

(3) has been nominated as an enterprise zone in *an ordinance or order [a resolution]* adopted by the legislative body of the applicable municipality, county, or combination of municipalities or counties; and

(4) is an area with[:

~~[(A)] pervasive poverty, unemployment, and economic distress[; or~~

~~[(B)] designated a rural area as defined by Section 481.085 of Chapter 481, Government Code].~~

(b) An area is an area of pervasive poverty, unemployment, and economic distress if the average rate of unemployment in the area during the most recent 12-month period for which data is available was at least one and one-half times the local, state, or national average for that period or if the area has had at least a nine percent population loss during the most recent six-year period or a ~~[an annualized]~~ population loss of at least ~~three [1½]~~ percent for the most recent ~~three-year [six-year]~~ period and the area meets one or more of the following criteria:

(1) the area was a low-income poverty area ~~[according to the most recent federal census];~~

(2) the area is in a jurisdiction or pocket of poverty eligible for urban development action grants under federal law, *according to the most recent certification available from the United States Department of Housing and Urban Development;*

(3) at least 70 percent of the residents or households of the area have an income below 80 percent of the median income of the residents or households of the locality or state, whichever is lower; or

(4) the nominating government establishes to the satisfaction of the department that ~~[either]:~~

(A) chronic abandonment or demolition of commercial or residential structures exists in the area; ~~[or]~~

(B) substantial tax arrearages for commercial or residential structures exist in the area;

(C) *substantial losses of businesses or jobs exist in the area; or*

(D) *the area is part of a disaster area declared by the state or federal government during the most recent 18-month period.*

(d) If an enterprise zone has been lawfully designated, the original nominating governing body or bodies, by *ordinance or order, as appropriate*, [~~resolution~~] adopted following public hearing, may amend the original boundaries subject to the following limitations:

(1) the boundaries as amended must not exceed the original size limitations and boundary requirements set by this Act and may not exclude any part of the zone within the boundaries as originally designated;

(2) the enterprise zone must continue to meet all unemployment and economic distress criteria throughout the zone as required by this Act; [~~and~~]

(3) the governing body or bodies may not make more than one boundary amendment annually during the *zone designation period*; and

(4) the governing body or bodies must pay for each amendment a reasonable fee in an amount not to exceed \$500 as specified by the department [~~the life of the zone~~].

(f) The department is authorized to use fees collected under this section for administration and other purposes to further advance this Act.

SECTION 42. Subsections (a) and (b), Section 5, Texas Enterprise Zone Act (Article 5190.7, Vernon's Texas Civil Statutes), are amended to read as follows:

(a) The governing body of any municipality, county, or combination of these local governments may nominate by *ordinance or order, as appropriate*, [~~resolution~~] any economically distressed area within its jurisdiction as a potential enterprise zone, if the area meets the criteria established in Section 4 of this Act. The municipality, county, or combination of these local governments may then make written application to the department to have the area *designated* [~~certified~~] as an enterprise zone.

(b) An *ordinance or order* [~~A resolution~~] adopted by a governing body under this section is not valid unless the governing body holds a public hearing to consider the *ordinance or order* [~~resolution~~] before the *ordinance or order* [~~resolution~~] is adopted.

SECTION 43. Section 6, Texas Enterprise Zone Act (Article 5190.7, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 6. REQUIREMENTS OF *ORDINANCE OR ORDER* [~~RESOLUTION~~] NOMINATING ZONE. (a) An *ordinance or order* [~~A resolution~~] nominating an area as an enterprise zone must set forth:

(1) a precise description of the area comprising the zone, either in the form of a legal description or by reference to roadways, lakes and waterways, and municipal or county boundaries;

(2) a finding that the zone area meets the qualifications of this Act;

(3) a *brief summary* of provisions for any tax or other incentives applicable to business enterprises in the zone at the election of the designating municipality or county, at least one of which is not applicable throughout the municipality or county; and

(4) a designation of the area as an enterprise zone, subject to the approval of the department in accordance with this Act.

(b) This section does not prohibit a municipality or county from extending additional tax or other incentives for business enterprises in an enterprise zone by separate ordinance or order [~~resolution~~].

SECTION 44. Subsection (b), Section 7, Texas Enterprise Zone Act (Article 5190.7, Vernon's Texas Civil Statutes), is amended to read as follows:

(b) The application must include:

(1) a certified copy of the *ordinance or order, as appropriate*, [~~resolution~~] nominating the proposed zone;

(2) a map of the proposed enterprise zone showing existing streets and highways;

(3) an analysis and any appropriate supporting documents and statistics demonstrating that the proposed zone area qualifies for designation as an enterprise zone;

(4) a statement detailing any tax, grant, and other financial incentives or benefits and any programs to be provided by the municipality or county to business enterprises in the zone~~[, other than those provided in the designating ordinance,]~~ that are not to be provided throughout the municipality or county;

(5) a statement setting forth the economic development and planning objectives for the zone;

(6) a statement describing the functions, programs, and services to be performed by designated neighborhood enterprise associations in the zone;

(7) an estimate of the economic impact of the zone, considering all of the tax incentives, financial benefits, and programs contemplated, on the revenues of the municipality or county;

(8) a transcript or tape recording of all public hearings on the zone;

(9) in the case of a joint application, a description and copy of the agreement between joint applicants;

(10) procedures for negotiating with *residents, community groups, and other entities affected* ~~[communities impacted]~~ by the zone and with qualified businesses in the zone;

(11) a description of the administrative authority, if any, created for the zone; and

(12) *any* ~~[the]~~ additional information that the department requires.

SECTION 45. Subsection (a), Section 8, Texas Enterprise Zone Act (Article 5190.7, Vernon's Texas Civil Statutes), is amended to read as follows:

(a) The department shall administer this Act and shall:

(1) establish criteria and procedures for designating qualified areas as enterprise zones and for designating enterprise projects;

(2) monitor the implementation of this Act and submit an annual report evaluating the effectiveness of the program and describing the use and revenue impact of state and local incentives under this Act and making suggestions for legislation to the governor, ~~[and the]~~ legislature, and the *Legislative Budget Board* by December 1 of each year;

(3) conduct a continuing evaluation of the programs of enterprise zones and develop data based on any available information demonstrating the relationship between the incentives provided by this Act and the economy;

(4) adopt all rules necessary to carry out the purposes of this Act;

(5) assist units of local government in obtaining status as a federal enterprise zone;

(6) assist qualified employers in obtaining the benefits of any incentive or inducement program provided by law; and

(7) assist the governing body of an enterprise zone in obtaining assistance from any other agency of state government, including assistance in providing training and technical assistance to qualified businesses in a zone.

SECTION 46. Subsection (a), Section 9, Texas Enterprise Zone Act (Article 5190.7, Vernon's Texas Civil Statutes), is amended to read as follows:

(a) On receipt of an application from a municipality, county, or combination of these local governments, the department shall review the application to determine if the area described in the application qualifies to be designated as an enterprise zone under the criteria of Section 4 of this Act. The department shall provide an applicant at least *10 days* ~~[two weeks]~~ after the date of receipt of the application to correct any omissions or clerical errors that may be present in the application and to return the application to the department. Following the close of the application period and the resubmission period, if any, the department shall meet to review the applications that have qualified for consideration as enterprise zones.

SECTION 47. Subsection (b), Section 9, Texas Enterprise Zone Act (Article 5190.7, Vernon's Texas Civil Statutes), as amended by Section 1, Chapter 471, and Section 7,

Chapter 1106, Acts of the 71st Legislature, Regular Session, 1989, is reenacted to reconcile those amendments to read as follows:

(b) Not later than the 60th day after the last day of each fiscal year, the comptroller shall furnish to the department a report stating the statewide total of the tax refunds made under Section 17 of this Act during the fiscal year.

SECTION 48. Subsections (a), (b), (c), (f), and (k), Section 10, Texas Enterprise Zone Act (Article 5190.7, Vernon's Texas Civil Statutes), are amended to read as follows:

(a) A qualified business in an enterprise zone having an unemployment rate of not less than one and one-half times the state average, a population loss of at least 12 percent during the most recent six-year period, or a ~~[an annualized]~~ population loss of at least ~~four~~ ~~[two]~~ percent for the most recent ~~three-year~~ ~~[six-year]~~ period may apply to the governing body or combination of governing bodies that nominated the enterprise zone and to the administrative authority, if any, for designation as an enterprise project. If the governing body or bodies and administrative authority agree, the governing body or bodies may apply to the department to designate the business as an enterprise project.

(b) The application to the department must include:

(1) a complete description of the conditions in the zone that constitute pervasive poverty, unemployment, and economic distress for purposes of Subsection (b) of Section 4 of this Act;

(2) a description of each municipality's or county's procedures and efforts to facilitate and encourage participation by and negotiation between all affected entities in the zone in which the qualified business is located;

(3) an economic analysis of the plans of the qualified business for expansion, revitalization, or other activity in the zone, including the anticipated number of new *permanent* jobs it will create, *the anticipated number of permanent jobs it will retain*, the amount of investment to be made in the zone, and other information that the department requires; and

(4) a description of the local effort made by the municipality or county, the administrative authority, the qualified business, and other affected entities to achieve development and revitalization of the zone.

(c) The department may not designate a nominated qualified business as an enterprise project unless it determines that:

(1) the qualified business is located in *or has made a substantial commitment to locate in* an enterprise zone having an unemployment rate of not less than one and one-half times the state unemployment rate, or a population loss of at least 12 percent during the most recent six-year period, or a ~~[an annualized]~~ population loss of at least ~~four~~ ~~[two]~~ percent for the most recent ~~three-year~~ ~~[six-year]~~ period;

(2) the applicant governing body or bodies have demonstrated that a high level of cooperation between public, private, and neighborhood entities exists in the zone; and

(3) the designation of the qualified business as an enterprise project will contribute significantly to the achievement of the plans of the applicant governing body or bodies for development and revitalization of the zone.

(f) The department *shall allocate to each enterprise project at the time of its designation a job ceiling number representing the maximum number of new permanent jobs eligible to be included in any calculation for a tax refund for the enterprise project. The job ceiling number for a project may not exceed 625 or a number equal to 110 percent of the number of new permanent jobs that a qualified business in its application for designation commits to create during the five-year term of its designation as an enterprise project, whichever is less. The maximum number of new permanent jobs that may be allocated by the department among all enterprise projects designated under this section between August 31, 1991, and August 31, 1993, is 10,000* ~~[may designate the following number of enterprise projects in this state:~~

~~[(1) 10 enterprise projects in the state fiscal year ending August 31, 1988;~~

~~[(2) 15 enterprise projects in the state fiscal year ending August 31, 1989;~~

~~[(3) 25 enterprise projects in the state fiscal year ending August 31, 1990; and~~

~~[(4) 25 enterprise projects in the state fiscal year ending August 31, 1991].~~

(k) The number of *new permanent jobs* [~~enterprise projects~~] that have not been *allocated* [~~designated~~] before the end of each state fiscal year may be *allocated* [~~designated~~] in subsequent fiscal years, except that an enterprise project may not be designated after August 31, 1993 [~~1991~~].

SECTION 49. Subsections (b) through (e), Section 12, Texas Enterprise Zone Act (Article 5190.7, Vernon's Texas Civil Statutes), as amended by Section 2, Chapter 471, and Section 11, Chapter 1106, Acts of the 71st Legislature, Regular Session, 1989, are reenacted to reconcile those amendments to read as follows:

(b) In addition to the program authorized by Subsection (a) of this section, to promote the public health, safety, or welfare, the governing body of a municipality or county may establish a program to refund its local sales and use taxes paid by a qualified business or qualified employee.

(c) The governing body of a municipality or county that nominated an enterprise zone designated by the department may provide for the partial or total refund of its local sales and use taxes paid by a person making a taxable purchase, lease, or rental for purposes of development or revitalization in the zone.

(d) A qualified business, qualified employee, or person entitled to a refund of local sales and use taxes under this section shall pay the entire amount of state and local sales and use taxes at the time they would otherwise be due without reduction because of any agreement with a municipality or county for the refund of local sales and use taxes.

(e) Any agreement to refund local sales and use taxes under this section must be in writing, contain an expiration date, and require the beneficiary to provide documentation necessary to support a refund claim to the municipality or county granting the refund. The municipality or county granting a refund shall make the refund directly to the beneficiary in the manner set out in the agreement.

SECTION 50. Section 13, Texas Enterprise Zone Act (Article 5190.7, Vernon's Texas Civil Statutes), as amended by Section 3, Chapter 471, and Section 12, Chapter 1106, Acts of the 71st Legislature, Regular Session, 1989, is reenacted to reconcile those amendments to read as follows:

Sec. 13. **REDUCTION OR ELIMINATION OF FEES AND TAXES.** To promote the public health, safety, or welfare, the governing body of a municipality or county may establish a program by which it reduces or eliminates any fees or taxes, other than sales and use or property taxes, that it imposes on a qualified business or qualified employee. The governing body of a municipality or county may not reduce or eliminate local sales and use taxes except to the extent it grants a refund under Section 12 of this Act.

SECTION 51. Section 14, Texas Enterprise Zone Act (Article 5190.7, Vernon's Texas Civil Statutes), is amended to read as follows:

Sec. 14. **OTHER LOCAL INCENTIVES.** The governing body of a municipality or county that nominated an enterprise zone designated by the department may:

(1) defer compliance in the zone with subdivision and development ordinances and regulations, other than those governing streets and roads or sewer or water services;

(2) give priority to the zone for the receipt of urban development action grant money, community development block grant money, industrial revenue bonds, or funds received under the Texas Job-Training Partnership Act (Article 4413(52), Vernon's Texas Civil Statutes);

(3) adopt and implement a plan for police protection in the zone;

(4) amend zoning ordinances to promote economic development in the zone;

(5) establish preferences for businesses in the zone in permit processes;

(6) establish simplified, accelerated, or other special permit procedures for businesses in the zone;

(7) waive development fees for projects in the zone;

(8) create a local enterprise zone fund for funding bonds or other programs or activities to develop or revitalize the zone;

(9) reduce utility rates for qualified businesses in the zone charged by:

(A) utilities owned by the municipality or county; or

(B) subject to agreement of the affected utility and the approval of the appropriate regulatory authority under Sections 16 and 17, Public Utility Regulatory Act (Article 1446c, Vernon's Texas Civil Statutes), by a cooperative or a utility owned by private investors except that rates of the utility for qualified businesses in the zone may not be reduced more than five percent and the appropriate regulatory authority in setting the rates of the utility shall allow the utility to recover the amount of the reduction;

(10) give priority to persons or projects in the zone in issuing housing finance bonds; ~~[or]~~

(11) give priority in providing services to local economic development, educational, job training, or transportation programs that benefit the zone; or

(12) sell real property owned by the municipality or county and located in the enterprise zone in accordance with Section 20 of this Act.

SECTION 52. Subsection (e), Section 15, Texas Enterprise Zone Act (Article 5190.7, Vernon's Texas Civil Statutes), is amended to read as follows:

(e) Each state agency rule adopted after September 1, 1987, when applicable, may provide encouragements and incentives to increase rehabilitation, renovation, restoration, improvement, or new construction of housing and to increase the economic viability and profitability of business and commerce in enterprise zones. In addition, each state agency annually shall review the rules it administers that may negatively impact the rehabilitation, renovation, restoration, improvement, or new construction of housing or the economic viability and profitability of business and commerce in enterprise zones, or that may otherwise affect the implementation of this Act, and shall report the results of each review to the department. *The department shall disseminate the reports to enterprise zone governing bodies and others as necessary to advance the purposes of this Act.* An agency may take the necessary steps to waive, modify, create exemptions to, or otherwise minimize the adverse effects of those rules on the rehabilitation, renovation, restoration, improvement, or new construction of housing or the economic viability and profitability of business and commerce located in enterprise zones and contribute to the implementation of this Act.

SECTION 53. Subsection (b), Section 18, Texas Enterprise Zone Act (Article 5190.7, Vernon's Texas Civil Statutes), is amended to read as follows:

(b) The state treasurer is authorized and encouraged to deposit state money in financial institutions *located in or* doing business in enterprise zones.

SECTION 54. Subsection (b), Section 20, Texas Enterprise Zone Act (Article 5190.7, Vernon's Texas Civil Statutes), is amended to read as follows:

(b) *In addition to the methods of disposal provided in Subsection (a), a [A] municipality or county may sell a surplus building or vacant land in the zone at less than fair market value if the governing body of the municipality by ordinance or the governing body of the county by order adopts criteria specifying the conditions and circumstances under which the sale may occur and the public purpose that will be achieved. The surplus building or vacant land may be sold to a buyer who is not the highest bidder if the criteria and public purpose specified in the ordinance or order are satisfied. A copy of the ordinance or order must be filed with the department not later than the day the sale occurs.*

SECTION 55. Subsections (f), (g), (i), and (j), Section 21, Texas Enterprise Zone Act (Article 5190.7, Vernon's Texas Civil Statutes), are amended to read as follows:

(f) Following the organization of the association, its board of directors must apply to the governing body *or the department* for certification as a neighborhood enterprise association.

(g) The governing body *or the department* may not grant its approval unless the association has hired or appointed a suitable chief executive officer.

(i) A neighborhood enterprise association may provide the following public services with the approval of and in coordination with the existing responsible *state or local* governmental entities:

- (1) establishment of crime watch patrols within the neighborhood area;
- (2) establishment of volunteer day-care centers;
- (3) organization of recreational activities for neighborhood area youth;
- (4) garbage collection;
- (5) street maintenance and improvements;
- (6) bridge maintenance and improvements;
- (7) maintenance and improvements of water and sewer lines;
- (8) energy conservation projects;
- (9) health and clinic services;
- (10) drug abuse programs;
- (11) senior citizen assistance programs;
- (12) park maintenance;
- (13) rehabilitation, renovation, and operation and maintenance of low and moderate income housing; and
- (14) other types of public services as provided by law or regulation.

(j) These services may be provided by the association or, after agreement with the relevant *state or local governmental entity* [government], by private firms and organizations when feasible and prudent. An existing responsible unit of government may contract with a neighborhood enterprise association to provide services in an amount corresponding to the amount of money saved by the unit of government through this method of providing a service.

SECTION 56. (a) Section 151.429, Tax Code, is amended by amending Subsection (f), as amended by Section 5, Chapter 471, and Section 22, Chapter 1106, Acts of the 71st Legislature, Regular Session, 1989; amending Subsections (b) and (e); and adding Subsection (g) to read as follows:

(b) Subject to the limitations provided by Subsection (c) of this section, an enterprise project qualifies for a refund of taxes under this section of \$2,000 for each new *permanent* job that the enterprise project provides for a qualified employee during the period of its designation as an enterprise project.

(e) In this section, "enterprise project," "enterprise zone," "*new permanent job*," and "qualified employee" have the meanings assigned to those terms by Section 3, Texas Enterprise Zone Act (Article 5190.7, Vernon's Texas Civil Statutes).

(f) For the purposes of Subsection (a), items bought by a project after the date it is designated as a project, or within 90 days before the date of designation, may be considered eligible for refund.

~~[(f) For the purposes of Subsection (a) of this section, items purchased by an enterprise project after the 91st day preceding the date it is designated as a project may be considered eligible for the refund.]~~

(g) *The refund provided by this section is conditioned on the enterprise project maintaining at least the same level of employment of qualified employees as existed at the time it qualified for a refund for a period of three years from that date. The Texas Department of Commerce shall annually certify to the comptroller and the Legislative Budget Board whether that level of employment of qualified employees has been maintained. On the Texas Department of Commerce certifying that such a level has not been maintained, the comptroller shall assess that portion of the refund attributable to any such decrease in employment, including penalty and interest from the date of the refund.*

(b) An enterprise project designated under the Texas Enterprise Zone Act (Article 5190.7, Vernon's Texas Civil Statutes) after August 31, 1991, may not apply for a refund of taxes under Section 151.429, Tax Code, until after August 31, 1993.

SECTION 57. Section 171.1015, Tax Code, is amended by adding Subsection (g) to read as follows:

(g) Only qualified businesses that have been certified as eligible for a tax deduction under this section by the Texas Department of Commerce to the comptroller and the Legislative Budget Board are entitled to the tax deduction.

SECTION 58. Subsection (b), Section 311.010, Tax Code, is amended to read as follows:

(b) The board of directors of a reinvestment zone may enter into agreements as the board considers necessary or convenient to implement the project plan and reinvestment zone financing plan and achieve their purposes. An agreement may provide for the regulation or restriction of the use of land by imposing conditions, restrictions, or covenants that run with the land. An agreement may dedicate revenue from the tax increment fund to pay the costs of replacing housing or areas of public assembly in or out of the zone. *An agreement may dedicate revenue from the tax increment fund to pay a neighborhood enterprise association for providing services or carrying out projects authorized under Section 21, Texas Enterprise Zone Act (Article 5190.7, Vernon's Texas Civil Statutes), in the zone. The term of an agreement with a neighborhood enterprise association may not exceed 10 years.*

SECTION 59. Paragraph (A), Subdivision (2), Subsection (c), Section 7, Texas Unemployment Compensation Act (Article 5221b-5, Vernon's Texas Civil Statutes), as amended by Chapters 686 and 789, Acts of the 72nd Legislature, Regular Session, 1991, is amended to read as follows:

(A) With respect to any benefit year, the amount of benefit payments paid to a claimant shall be charged to the account of the claimant's base period employer or employers. When a benefit payment is made to a claimant who has two or more employers in his base period the chargeback to each employer shall be allocated in direct proportion to the percentage of the claimant's total benefit wage credits paid by such employer. This process may be designated as charging benefits to an employer's account, and benefits thus charged may be designated as chargebacks.

The chargebacks of each employer for a given calendar quarter shall be the benefits paid to all of his employees or former employees during such quarter; provided, that the chargebacks of an employer shall not include benefit payments which are based on wage credits of an employee or former employee, if the Commission finds that the employee's last separation from such employer's employment, prior to the benefit year in conjunction with which such base period was established, was (i) a separation required by a Federal or a Texas statute or a Texas municipal ordinance; (ii) a separation for which a disqualification under Subsection (a), (b), (j), or (k) of Section 5 of this Act would have been imposed if such employer's employment of the employee or former employee had been the employee's last work; (iii) a separation with respect to which a disqualification was imposed under Subsection (a), (b), (j), or (k) of Section 5 of this Act; (iv) a separation caused by a medically verifiable illness of the claimant or the claimant's minor child; (v) a separation based on a natural disaster that results in a disaster declaration by the President of the United States under The Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. Section 5121 et seq.) if the employee would have been entitled to unemployment assistance benefits under Section 410, The Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. Section 5177) had the employee not received state unemployment compensation benefits; ~~(vi)~~ (vi) a separation as a result of an individual's resigning partial employment to accept other employment that the individual reasonably believes will increase the individual's weekly wage; or (vii) a separation caused by a natural disaster, fire, flood, or explosion that causes employees to be separated from one employer's employment; and provided further that for the purpose of this paragraph the term "last separation" shall, with respect to an employee whose initial determination disqualified him for benefits under subsection 5(d) of this Act, mean his next later separation from such employer's employment.

SECTION 60. (a) Except as provided by Subsection (b) of this section, Paragraph (A), Subdivision (2), Subsection (c), Section 7, Texas Unemployment Compensation Act (Article 5221b-5, Vernon's Texas Civil Statutes), as amended by Section 59 of this Act, applies only to an initial claim for unemployment compensation benefits that is filed with the Texas Employment Commission on or after the effective date of this Act.

(b) An employer assessed chargebacks that would not have been assessed to that employer's account if the amendments made by Section 59 of this Act to Paragraph (A), Subdivision (2), Subsection (c), Section 7, Texas Unemployment Compensation Act (Article 5221b-5, Vernon's Texas Civil Statutes), had been in effect on June 1, 1991, may apply to the Texas Department of Commerce and the Texas Employment Commission for a recalculation of the employer's chargebacks. The Texas Department of Commerce shall certify the number of employees affected by the separation in order to qualify the employer for the recalculation. On that certification, the commission shall apply Paragraph (A), Subdivision (2), Subsection (c), Section 7, Texas Unemployment Compensation Act (Article 5221b-5, Vernon's Texas Civil Statutes), as amended by Section 59 of this Act, to recalculate the employer's chargebacks and shall use the recalculated chargebacks in computing that employer's unemployment compensation tax rate for all subsequent tax years, beginning with 1992.

SECTION 61. An enterprise project designated under the Texas Enterprise Zone Act (Article 5190.7, Vernon's Texas Civil Statutes) after August 31, 1991, may not receive a tax deduction under Section 171.1015, Tax Code, until after August 31, 1993.

SECTION 62. Subsection (g), Section 151.429, Tax Code, as added by this Act, applies only to refunds for which an enterprise project becomes entitled on or after the effective date of this Act.

SECTION 63. (a) Sections 2.06, 2.07, 2.08, 2.09, and 2.10, Article 4413(501), Revised Statutes, as added by this Act, take effect September 1, 1991, and on that date the powers, duties, and obligations of the Texas Department of Commerce relating to the community development block grant program are transferred to the Texas Department of Housing and Community Affairs. As soon as possible after the date on which those sections take effect, the Texas Department of Commerce shall transfer all property of the department relating to the powers, duties, and obligations being transferred and all records relating to the powers, duties, and obligations being transferred in its custody to the Texas Department of Housing and Community Affairs.

(b) On the transfer of all property and records under Subsection (a) of this section:

(1) a rule, form, or policy adopted by the Texas Department of Commerce relating to the powers, duties, and obligations being transferred becomes a rule, form, or policy of the Texas Department of Housing and Community Affairs; and

(2) a contract made by the Texas Department of Commerce relating to the powers, duties, and obligations being transferred becomes a contract made by the Texas Department of Housing and Community Affairs.

(c) As soon as possible after the date on which the sections listed by Subsection (a) of this section take effect, all personnel employed by the Texas Department of Commerce for the administration of the powers, duties, and obligations related to the community development block grant program are transferred to the Texas Department of Housing and Community Affairs.

(d) As soon as possible after the date on which the sections listed by Subsection (a) of this section take effect, the state community development review committee established by Section 481.193, Government Code, repealed by this Act, shall transfer all property and records in its custody to the state community development review committee created by Section 2.10, Article 4413(501), Revised Statutes, as added by this Act, and on that transfer the state community development review committee established by Section 481.193, Government Code, is abolished.

SECTION 64. On the date the executive director of the Texas Department of Commerce is appointed by the governor as provided by this Act and Section 481.005, Government Code, as amended by this Act, but not later than January 1, 1992, the powers, duties, and obligations of the governing board of the Texas Department of

Commerce are transferred to the executive director of the Texas Department of Commerce and the policy board to the Texas Department of Commerce as provided by this Act, and a rule, form, or policy adopted by the board becomes a rule, form, or policy of the executive director or policy board, as appropriate. On the transfer of powers, duties, and obligations, the governing board of the Texas Department of Commerce is abolished.

SECTION 65. Members of the governing board of the Texas Department of Commerce, as it existed before the effective date of this Act, shall continue to serve as members of the policy board until their terms as members of the governing board of the Texas Department of Commerce would have expired.

SECTION 66. (a) The governor shall make the initial appointment of the executive director of the Texas Department of Commerce on or before January 1, 1992.

(b) The initial term of the executive director expires on February 1, 1993. On expiration of that term, the term of the executive director is two years, as provided by Section 481.005, Government Code, as amended by this Act.

SECTION 67. The term of office of each member currently serving on an advisory board created under Section 481.007, Government Code, as amended by Chapter 332, Acts of the 72nd Legislature, Regular Session, 1991, continues until the current term expires.

SECTION 68. (a) Chapter 485, Government Code, as added by this Act, takes effect September 1, 1991, and on that date the powers, duties, and obligations of the Texas Department of Commerce relating to the music, film, television, and multimedia industries are transferred to the Music, Film, Television, and Multimedia Office in the office of the governor. As soon as possible after the effective date of Chapter 485, Government Code, the Texas Department of Commerce shall transfer all property of the department relating to the powers, duties, and obligations being transferred and all records relating to the powers, duties, and obligations being transferred in its custody to the Music, Film, Television, and Multimedia Office in the office of the governor.

(b) On the transfer of all property and records under Subsection (a) of this section:

(1) a rule, form, or policy adopted by the Texas Department of Commerce relating to the powers, duties, and obligations being transferred becomes a rule, form, or policy of the Music, Film, Television, and Multimedia Office in the office of the governor; and

(2) a contract made by the Texas Department of Commerce relating to the powers, duties, and obligations being transferred becomes a contract made by the Music, Film, Television, and Multimedia Office in the office of the governor.

(c) As soon as possible after the effective date of Chapter 485, Government Code, all funds appropriated to the Texas Department of Commerce for the powers, duties, and obligations related to music, film, television, and multimedia industries are transferred to the Music, Film, Television, and Multimedia Office in the office of the governor.

(d) As soon as possible after the effective date of Chapter 485, Government Code, all personnel employed by the Texas Department of Commerce for the administration of the powers, duties, and obligations related to music, film, television, and multimedia industries are transferred to the Music, Film, Television, and Multimedia Office in the office of the governor.

(e) As soon as possible after the effective date of Chapter 485, Government Code, all funds in the music fund established by Section 481.153, Government Code, repealed by this Act, are transferred to the music, film, television, and multimedia fund established by Section 485.007, Government Code, as added by this Act.

SECTION 69. (a) Except as otherwise provided by this Act, this Act takes effect September 1, 1991.

(b) Sections 36 through 38 take effect January 1, 1992.

(c) The changes made by this Act to the Texas Enterprise Zone Act (Article 5190.7, Vernon's Texas Civil Statutes) and to the Tax Code apply only to taxes due on or after the effective date of the changes. Taxes due before the effective date of those sections are governed by the law in effect when the taxes became due, and that law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 70. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force according to its terms, and it is so enacted.

Passed the Senate on August 23, 1991: Yeas 27, Nays 0; the Senate concurred in House amendments on August 25, 1991: Yeas 31, Nays 0; passed the House, with amendments, on August 25, 1991: Yeas 108, Nays 20, one present not voting.

Approved August 30, 1991.

Effective September 1, 1991, and as provided by §§ 63, 68 and 69.