

Economic Incentive Oversight Board

2017 Legislative Report

Reporting Period: January 2015 - December 2016

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Overview of the Economic Incentive Oversight Board

The Economic Incentive Oversight Board was established by House Bill 26 during the 84th Legislative Session. The Board is composed of nine public members appointed by the Governor, Lieutenant Governor, Speaker of the House, and Comptroller. At least one of the appointees of the Lieutenant Governor and Speaker of the House must be from a rural county. Each appointing officer shall appoint at least one member who has expertise in the area of economic development. Administration of the Board is the responsibility of the Office of the Governor.

The Board has been charged with examining the effectiveness and efficiency of programs and funds administered by the Office of the Governor, the Comptroller, or the Department of Agriculture that award to business entities and other persons state monetary or tax incentives for which the Governor, Comptroller or Department has discretion in determining whether or not to award the incentives. Monetary incentives may include grants, loans, or tax incentives paid from state revenues.

The Board shall develop a performance matrix that clearly establishes the economic performance indicators, measures, and metrics that will guide the Board's evaluations of those programs and funds. The Board shall also develop a schedule for the periodic review of each state incentive program or fund that meets the statutory requirement for review by the Oversight Board. For each review conducted, the Board is to make recommendations regarding whether to continue the program or improve the program's effectiveness and efficiency. The Board may also recommend to the Legislative Audit Committee that an audit of the program be conducted.

Finally, the Board shall submit a Biennial Report to the Legislature containing findings and recommendations resulting from each review. The required report is contained within.

Reporting Requirements

The contents of the Economic Incentive Oversight Board legislative report are outlined in Section 490G.007 of the Texas Government Code:

Sec. 490G.007. BIENNIAL REPORT. Not later than January 1 of each odd-numbered year, the board shall submit to the lieutenant governor, the speaker of the house of representatives, and each standing committee of the senate and house of representatives with primary jurisdiction over economic development a report containing findings and recommendations resulting from each review of state incentive programs and funds conducted by the board under this chapter during the preceding two calendar years.

Board Members

The following have been appointed to serve at Members of the Economic Incentive Oversight Committee. The members of the Board serve at the please of the appointing officer.

Governor's Appointees

Massey Villareal, Presiding Officer – Sugar Land

Adriana Cruz – San Marcos

Trevor Pearlman – Dallas

Lieutenant Governor's Appointees

Anne Windfohr "Windi" Grimes – Houston

William "Bill" Lavers – Snyder

Speaker's Appointees

Jim Goldsworthy – Gainesville

Mike Rosa – Dallas

Comptroller's Appointees

George Bayoud – Dallas

Dale Fowler – Victoria

Board Findings and Recommendations

The Board shall make recommendations regarding the effectiveness and efficiency of the programs and funds it reviewed during the previous biennium. At this time, the Board has no recommendations to make, as it has yet to review any programs.

The Board held its first meeting December 16, 2016. As administrators of the Board, the Office of the Governor decided to not meet until all members had been appointed, and therefore the Board did not meet prior to this date.

At the meeting, the Board followed the Agenda below:

- I. *Call to Order*
- II. *Welcome and Introduction of Board Members and Staff*
- III. *Discussion and Possible Action on Economic Incentive and Oversight Board - Organization, Structure, and General Matters, including appointment of subcommittees*
- IV. *Discussion, Consideration and Possible Action on the Proposed State Incentive Programs Review Schedule*
- V. *Discussion, Consideration and Possible Action on the Development of a Performance Review Matrix*

- VI. *Discussion, Consideration and Possible Action on the Biennium Report to the State Legislature*

- VII. *Public Comment without Deliberation*

- VIII. *Adjournment*

Presiding Officer Villareal gave an overview of the Board's purpose to review state economic incentive programs. Staff reviewed the Board's requirement to create an Incentive Programs Review Schedule, and 27 programs amongst the three agencies have been identified as programs that may be subject to review by the Board. The intention will be to review three programs per meeting, one from each agency. A proposed schedule will be prepared for the Board's review, discussion and possible approval at the next meeting. The Board's requirement to develop a Performance Review Matrix was discussed. A proposed incentive review matrix will also be prepared for review, discussion and possible approval at the next meeting. Finally, the Board made one motion to approve this report for the submission to the Legislature. All members voted yea.

Economic Incentive Review Schedule

The board shall develop a schedule for the periodic review of each state incentive program or fund for the purpose of making recommendations on whether to continue the program or fund or whether to improve program or fund effectiveness and efficiency. This review schedule is to be determined.



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