

Table of Contents

Council on Workforce and Economic Competitiveness	1
Texas Economic Development	2
Texas Economic Development Council	4
Texas Association of Business	8
M.Ray Perryman, Ph.D. - The Perryman Group	25

Texas Council on Workforce and Economic Competitiveness Recommendation

Background

The Texas Council on Workforce and Economic Competitiveness (Council) assists the Governor and the Legislature with strategic planning for and evaluation of the Texas workforce development system, and serves as the State Workforce Investment Board under the federal Workforce Investment Act. Council functions include workforce system evaluation and planning, system research and continuous improvement, and review of state and local workforce plans and reports. The Council promotes the development of a well-educated, highly skilled workforce for Texas and advocates for an integrated workforce development system to provide quality, relevant services to address the needs of Texas business and workers.

Recommendation

The Council offers the following recommendation for inclusion in the *2002 Annual Survey of Tax Incentive and Economic Development Laws in Other States*:

Promote existing forums and implement mechanisms to achieve greater linkage and coordination across workforce programs and services, as well as to inform strategic planning for the Texas workforce development system.

In previous Council reports,¹ the Council suggested two strategies that will assist in implementing the above recommendation. The first strategy will be implemented by the Council, the state agencies, and the local stakeholders that comprise the Texas workforce development system. The second is suggested for consideration by the Governor and the Legislature.

- I. During the FY 2004-FY 2009 workforce development system strategic planning cycle, opportunities for linkages between education, workforce development and economic development will be identified so that appropriate actions can be taken by workforce partners. Specific strategies will be developed during the planning process and will be identified as the responsibility of individual member agencies.
- A. Create, either through new or existing venues, additional customized training opportunities to address worker skill needs in high skill, high wage occupations. These additional opportunities should be directed to businesses that are either new to Texas or that are existing Texas businesses expanding or relocating operations.

¹ December 2002, the *3rd Annual Report on Implementation of the Texas Workforce Development Strategic Plan for FY 2000-2004*. This third annual report presents both qualitative and comparative data reflecting the system's progress during 2002, as compared with the previous two years. This report, as well as the 2001 report, addresses the need for stronger linkages between workforce development, economic development and education, and both reports urge decision makers to consider the vital importance of a skilled workforce to Texas' economic competitiveness.

August 2000, *Determining the Future of Smart Jobs: Critical Issues and Questions Surrounding Focus, Funding and Evaluation*. The goal of this report was to equip legislators and other system stakeholders with information that would assist in designing and refining the strategic direction for the Smart Jobs program and articulating the role that state-financed, customized training could play in the training of the Texas workforce.

Texas Economic Development

The agency recommends that the State establish or modify existing state economic development incentives in order to improve Texas' national competitive position in key areas. The following recommendations are submitted for legislative consideration. The states that appear in parentheses are those that have already enacted legislation pertaining to the recommendations being made.

Administrative/Big Picture

- Establish a deal-closing fund for infrastructure and other uses consistent with the recommendations of the Perryman Report (NC, SC, LA, VA, TN)
- Request appropriation for funds to market Texas as a premier location for business expansion and relocation. (Most states have funding specifically for this purpose)
- Establish a "Return on Investment" or Cost / Benefit methodology for all state economic development incentives (SC)
- Texas is at a competitive disadvantage with other states whose legislatures meet annually. Meeting annually affords them the opportunity to enact new economic development legislation that brings them to the forefront and makes it difficult for Texas to stay competitive. Texas needs the statutory authority and competitive tools to be able to provide incentives in this competitive market at any time of the year. Tools such as Governor's Strike Force Capability and a deal-closing fund will allow Texas to remain one of the nation's frontrunners in economic development. (Texas is only one of six states whose Legislature meets only every two years)

R&D/Advanced Technology

- Expand the existing R&D tax credit by increasing the percentage of investment or R&D expenditures eligible for the credit. (CA, GA, NC, OK)
- Review current statute in order to reactivate the Product Commercialization and Small Business Incubator Funds. Programs should be administered by agencies with bonding authority. (OK, NC, LA)
- Expand the current sales and use tax exemption for semiconductor clean rooms to include the Biotech industry.

- Allow a manufacturers' investment credit for biotech industries. (CA)
- Establish Advanced Technology Program consistent with the upcoming recommendations of the Governor's Task Force on Science and Biotech Commercialization. (AL, CA, OK, SC, TN, VA)

Corporate HQ

- Allow a tax credit for corporate headquarters relocation. (include regional offices) (SC)
- Provide a sales and use tax credit for building materials, machinery and equipment associated with corporate headquarter facilities. (TN)

Workforce

- Establish a workforce incentive training program to replace the expired Smart Jobs Program. (CA, GA, LA, NC, OK, SC, TN, VA)
- Provide business modernization grants and loans to companies to modernize plants and equipment, change management procedures that require retraining, and to train workers for new equipment or manufacturing processes. (VA)

Venture Capital / Small Business

- Examine the role of a state venture capital fund.
- Establish a tax credit for angel investors. (VA, LA, OK)

Warehouse/Distribution/Ports

- To encourage warehouse/distribution provide an ad valorem tax credit to qualifying distribution centers. (OK criteria is that companies must hire 100 new employees and invest more than \$5 million)
- To attract distribution facilities, provide a franchise tax exemption on certain finished goods in inventory. (TN offers this exemption for inventories in excess of \$50 million)
- Allow a sales tax exemption for material handling and racking equipment used in warehouse distribution facilities. (TN)
- Provide a job tax and investment credit to companies that increase their port tonnage through Texas ports. (GA)

Texas Economic Development Council

TEDC LEGISLATIVE AGENDA **78th Session of the Texas Legislature**

Texas has enjoyed a sustained period of economic growth throughout the 1990's and has generally outperformed the nation on average. However, Texas is now losing ground in its ability to compete for new and expanded facilities in the new economy. According to the 2002 Governor's Cup survey by *Site Selection* magazine, Texas is not in the top 10 for total capital investment, total new jobs created, total new and expanded facilities per million of population.

To reverse these troubling trends and be responsive to changing economic conditions, the State needs to revamp and strengthen its economic development efforts to be competitive in the global marketplace. The September 11th tragedy has contributed to a current economic downturn throughout the country and resulted in a heightened awareness and urgency for economic diversification and quality job development as a key strategy for the state's future prosperity.

TEDC is a statewide professional association dedicated to working with state public policy officials on issues, strategies and programs that result in increased economic opportunities for the state. Set forth below is a brief summary of key issues that are a part of the economic development agenda during the current legislative interim. Other significant economic development issues may evolve and be included over the coming months as the 2003 legislative session draws nearer.

TEXAS DEPARTMENT OF ECONOMIC DEVELOPMENT SUNSET

To create quality jobs and a higher tax base, it's important that Texas continue to attract new companies and support existing industries. TEDC believes that this can best be accomplished by a state agency focused on proactively marketing the state's economic development advantages and working closely with local communities to promote economic prosperity in all areas of the state. Specifically, TEDC supports the following concepts:

1. Restructure the current Texas Department of Economic Development, and create in its place a smaller, more focused statewide economic development agency.
2. Seek structural ways to involve the Governor to a greater extent in the management and economic development activities of the agency. One aspect of this would be to encourage the Governor to appoint at least two practicing economic development professionals to the agency's board.

3. The restructured agency would focus its efforts on marketing the state a) as a site for the creation of new primary jobs through expansion of existing businesses and attraction of new capital investment to Texas, and b) as a tourist destination.
4. The tourism department should continue functioning as it does today and would continue to be funded by a hotel tax revenue stream.
5. The business development department would be funded with \$3 - \$5 million for the biennium for a national marketing campaign, including direct marketing in the form of advertising, trade missions and related activities. The marketing efforts would be focused on specific goals and target industries. The effort would be collaborative with large cities and geographic regions of the state to complement local efforts, similar to how tourism and film commission departments have functioned. The marketing effort would then feed into lead dissemination, recruitment, international and high impact projects.
6. Staff in the business development department should include economic development professionals focused on segments of our economy where state recruitment efforts can have the biggest impact. These might include, for example, retention/expansion of military defense industries, technology related manufacturing, value-added processing, and other manufacturing/industrial prospects that create primary jobs.
7. Place all loan, tax incentive, job training and related programs at state agencies other than TxEd. These programs are already quite diffused throughout state government anyway, and it is very unlikely that the legislature will consolidate them in a single place. Let the Texas Workforce Commission administer any new or expanded job training funds with input from TxEd. Let the Comptroller deal with tax incentive programs. Other agencies such as TDA and ORCA administer existing programs, which would stay where they are currently. Instead have TxEd function more like a local economic development agency that seeks to facilitate access for business prospects to various programs and incentives that may be available. In other words, TxEd might have 4 FTE program specialists whose role is to help local communities and prospects access those incentives that lead to primary job creation in the state. TxEd staff would not administer any of these incentives or loans, etc.; they would be advocates to effectively use what the state offers to promote business expansion.
8. Create a high impact fund for incentives to large prospects with the determination on grant awards to be made by the Governor's office. The comptroller could administer the program, with TxEd providing support to the Governor's office in developing applications and making grant decisions.
9. Review carefully the large list of other mandates currently existing in law for TxED and eliminate as many of these as possible. Some of these, such as development of a statewide economic development plan, may be important to retain.

WORKFORCE DEVELOPMENT AND JOB TRAINING

TEDC believes that workforce training incentives such as the Smart Jobs Program and the Skills Development Fund have been important components of the state's overall economic development efforts. Texas already had relatively little to offer in the way of statewide incentives, and the loss of Smart Jobs has negatively affected our state's ability to be competitive for certain projects that can locate nationally or internationally. Furthermore, Smart Jobs was an important tool in helping workers to upgrade skills and seek higher paying employment.

The Skills Development Program has avoided the controversies that ended Smart Jobs, and is widely regarded as an efficient and useful job training program. TEDC recognizes that the legislature faces many difficult issues next session, including an exceedingly tight state budget. We believe, however, that one of the best ways to improve the state's revenue base and reduce various state expenditures is to help Texas have a strong and growing economy. Incentives that help recruit new capital investment and create new primary jobs help ease the state budget crunch and provide the tax base that pays for our public schools and other important services.

Expenditures for job training are especially valuable because they represent an investment in human capital in addition to the jobs and tax base they help create. Therefore TEDC is adopting the following legislative position with respect to job training for the 2003 legislative session:

We urge the legislature to re-create the funding stream for job training from a UI fund assessment of 1/10 of 1%. We believe that this assessment should be subject to appropriation by the legislature for job training programs and should be available prior to its appropriation to cover any shortfall in the UI Fund. We believe that this funding stream should be used to increase the funding for the Skills Development Fund, the Self Sufficiency Fund, and a Governor's High Impact Project Fund. We would also support appropriation by the legislature from this revenue source for direct marketing of the state designed to create new primary employment in Texas.

SALES TAX FOR ECONOMIC DEVELOPMENT

In 1979, the Texas Legislature adopted the Development Corporation Act (Article 5190.6, Texas Civil Statutes) authorizing eligible cities to impose a locally adopted sales tax of up to ½ cent to promote economic development in Texas. Expenditure of these voter approved dollars serve as the backbone of economic development efforts in many communities across the state, and have helped attract many millions of dollars in capital investment to Texas and created tens of thousands of new jobs.

TEDC, in accord with the Texas Economic Development Sales Tax Association (TEDSTA) strongly supports maintaining the authorizing legislation under which this local sales tax is adopted, and opposes any effort to modify the statute that would reduce local control, increase state oversight or significantly limit the ways in which the tax revenue may be used.

In addition, TEDC supports TEDSTA's legislative positions opposing use of sales tax proceeds for direct incentives for retail stores, supporting incentives for retail headquarters and for infrastructure relating to retail development, and opposing limitations on the use of incentives to attract businesses that are already located in the state. These positions are more fully explained and set forth in the TEDSTA policy statement.

TEXAS WORKFORCE COMMISSION SUNSET

TEDC supports reauthorization of TWC as an employer-driven, locally controlled workforce delivery system that offers integrated services to business, workers, and communities throughout the state. Specifically, TEDC supports increased funding for the Skills Development Fund as a tool to assist community and technical colleges meet new and existing businesses demands for customized training. In addition, TEDC supports a solvent unemployment insurance fund that can meet the needs of displaced workers and provide needed job training incentives.

PRESERVATION OF ECONOMIC INCENTIVES

TEDC supports the responsible use and constructive expansion of the conventional economic development tools available to local governments as a means to secure new and expanded business investment and employment that would not otherwise occur, thereby increasing the state and local tax base. When used appropriately, these tools produce a positive return on investment. Specific programs that TEDC supports include tax abatements, the Economic Development Act (HB 1200), Enterprise Zones, Strategic Investment Areas, Freeport Exemptions, Tax Increment Financing, franchise tax credits and access to job training funds.

TAB PRIORITIES

Approved by the

Texas Association of Business Board

Aug. 23, 2002.

ECONOMIC DEVELOPMENT

Texas Department of Economic Development. The Texas Department of Economic Development (TDED) will face Sunset Review this legislative session. During the Sunset process, all programs and activities of the Department will be assessed for effectiveness and efficiency. TAB will propose means by which TDED can more effectively serve the economic development interests of the State.

- Provide TDED with the resources necessary to undertake a full-scale economic development and business promotion effort that will rival the efforts of our competitor states.
- Redefine the role of TDED to better serve the needs of the economic development community as they work to attract business to the State of Texas. TDED should be given clearly defined goals and charged with the primary task of attracting businesses to the State of Texas.
- Reconstitute the Smart Jobs training program or any subsequent training program which is designed to prepare workers for skilled employment.
- Review the effectiveness of TDED's international offices. Require TDED's foreign offices to place a greater emphasis on serving the small business community in order to facilitate their expansion into foreign markets.

Rural Economic Development.

- Target economic development funds for rural areas of the state.

- Utilize the Texas Department of Economic Development's Tourism Division to encourage rural tourism.
- Expand the ability of Texas Agriculture Finance Authority (TAFA) to finance economic development activities in rural areas. Streamline TAFA to make it more "user-friendly."
- Provide additional resources, including authorization and funding for travel, to the Texas Department of Agriculture as it works to address the economic development needs of rural communities.

Tax Abatements and Other Economic Development Incentives. TAB continues to support local control and flexibility in the use of tax abatements, tax increment financing, reinvestment zones and other incentives to promote economic development and job creation. Additionally, TAB supports the ability of local taxing districts to phase in tax abatements.

In recent years, Texas has seen its competitiveness relative to other states fall. In a first-step effort to remedy this, TAB will support an interim legislative study, which would assess Texas' competitiveness and the role that tax and other incentives play in making the state more attractive to moving or expanding businesses.

Sales Tax for Economic Development.

- Support continued use of a locally approved ½ cent sales tax collected by cities to fund economic development efforts.
- Oppose efforts to reduce local control of these funds or efforts to limit the uses of these funds. Because these funds are local funds, taxpayers should retain the right to manage their use.
- Support the removal of county average wage restrictions that limit a local government's use of these funds for local job training purposes.
- Support efforts to clarify the purpose of the sales tax funds as an economic development tool and prevent raids on the funds for projects that are not related to economic development.

At the federal level, TAB will support efforts to:

- Modernize the nation's antiquated aviation infrastructure by reauthorizing federal aviation programs and ensuring that revenues from the Aviation Trust Fund are used for their intended purposes.
- Continue to strengthen our national transportation infrastructure by ensuring full funding for TEA-21 and the reauthorization of aviation and ports and waterways infrastructure programs

Economic Development Tax Incentives. Texas' ranking as a site for major capital investment has fallen from first to sixth in the nation due to the advent of innovative tax incentive programs in our competitor states. We must provide greater incentives to regain our place as a preferred site for investment. TAB will encourage the expansion of the recently enacted franchise tax credits including:

- Research and Development Tax Credits. Fortify the R&D Credit by lowering threshold requirements for participation.

Electric Industry Deregulation. Continue to support the timely implementation of retail competition, as established by Senate Bill 7, because fair competition is in the best interest of all businesses, energy producers and consumers.

Education/Worker Training.

- Support increased funding for the Skills Development Program administered by the Texas Workforce Commission.
- Maintain Skills Development Fund grants at the Texas Workforce Commission to improve workforce training.
- Establish guidelines to make the Skills Development Program and the Smart Jobs Program more complementary.
- Encourage the expansion of charter schools charged with the task of promoting science and technology.
- Improve the Skills Development Program and the Smart Jobs Program to make them more effective as marketing and recruiting tools to attract economic development to Texas.
- Provide tax incentives to encourage business participation in education initiatives.

General Business.

- Support state legislation that would discourage local governments from enacting “living wage” ordinances. These ordinances, contrary to free-market principles, create an unfair competitive disadvantage in those localities and are detrimental to the state’s economy.
- Oppose anything that would undermine legislation regarding free contract.
- At the federal level, TAB will oppose any effort to increase the minimum wage as doing so would have a detrimental effect on business, especially small business.

In-House Engineers. Support legislation clarifying that in-house, degreed engineers may use the title of engineer for all corporate activities including communications with regulatory agencies. Oppose any attempts to mandate licensing or registration requirements or impose fees on in-house, degreed engineers.

Landman Exemption. Support legislation to clarify that landmen involved in their normal course of work are not engaged in the unauthorized practice of law.

Staff Counsel. Oppose legislation to limit the use of staff counsel by insurance companies to defend policyholders.

Telemarketing. Support efforts to develop additional jobs while maintaining the more than 300,000 jobs held by Texans in the telemarketing industry. TAB will work to support better enforcement of existing fraud and consumer protection laws while opposing efforts to impose additional regulatory burdens on businesses that use telemarketing. Efforts should support adequate resources to law enforcement and various state agencies to eliminate fraud and provide protection to Texas consumers and businesses, while not placing undue restraints on legitimate telemarketing businesses.

Privacy & Information Practices. Encourage and support businesses in their efforts to develop and disclose comprehensive, market-driven privacy policies. Oppose efforts that would create a "patchwork-quilt" of state laws that would further impede the growth of Internet commerce. Work to ensure an environment that supports increased high-tech business development in Texas and the continued development of electronic business-to-business transactions.

Auto Insurance Premiums.

- No Pay, No Play. Support reforms that would prevent uninsured motorists from collecting pain and suffering damages if they are in an accident with an insured driver.
- Auto Choice. Support changes in state law allowing drivers to choose between the current system, in which they can sue for pain and suffering damages, and a new system under which they would be given the option to recover non-economic damages.

EDUCATION AND WORKFORCE

Accountability: Support reforms instituted by then-Governor George Bush and continued under Governor Rick Perry that include academic accountability for students and their teachers as well as academic and fiscal accountability for principals, administrators and superintendents. Support testing of students as a measure of their preparedness as well as a measure of the competency of their teachers. Support allowing a student to relocate to a better public school in accordance with the provisions of the "No Child Left Behind Act" if his or her school continues to fall short of desired expectations.

Alternative certification of classroom teachers/teacher shortage: Support aggressive implementation of alternative certification programs that streamline the process of getting teachers into the classroom to teach in their areas of knowledge and expertise and in giving school districts the flexibility they need to help alleviate the teacher shortage in Texas schools.

Differentiated pay scale for teachers: Support legislation that allows school districts to pay more to teachers who are certified to teach in the fields of critical need and on campuses where a shortage of teachers exists.

Higher Education: Support reasonable regulatory and legislative oversight of our higher education system, coupled with clear statements of goals, expectations and accountability of results. The state should encourage collaborative approaches among Texas' higher education institutions in research and development funding strategies, technology deployment and distance education in order to avoid duplication and waste.

Literacy: Support legislation that results in Texas students' acquiring necessary reading skills at grade level by the third grade.

School to Career: Support this valuable program to make students more aware of the world of work, its opportunities and challenges.

Social promotion: Support the third grade reading test scheduled for 2003, the passage of which allows students to advance to the fourth grade. Oppose any measures to water down or delay the reading test.

TAAS to TAKS: Support moving Texas students from the Texas Assessment of Academic Skills to the Texas Assessment of Knowledge and Skills in order to graduate from high school. Oppose any measures that would eliminate this test as a criterion for graduation.

Teacher Preparation: Support measures that ensure the quantity and competency of teachers to deliver quality education to the children of Texas. Support the staff report of the Sunset Advisory Commission to continue the State Board for Educator Certification, granting autonomy of SBEC from the State Board of Education in its rulemaking authority in order to allow SBEC to fulfill its mission more effectively.

EMPLOYMENT RELATIONS

Arbitration. Oppose any effort to modify the Halliburton case.

Devolution of federal programs to the states. Support transferring control over federally mandated programs like unemployment insurance to the states, thereby reducing employers' tax burdens and increasing local control over workforce-related programs.

Drug Testing. Oppose attempts to restrict the rights of employers to conduct random and/or universal drug testing of employees.

Employer control over work environment. Support efforts to maintain employers' prerogative to control the workplace, thereby creating a safe, satisfying and harmonious working environment.

Employment-at-will. Oppose legislation that would erode employment-at-will as a right for all Texas employers and employees.

Ergonomics. Oppose legislation and regulations on a federal level that would increase the already-considerable burden on employers regarding OSHA requirements.

Fair Labor Standards Act reform. Support efforts to reform the wage and hour laws by allowing more flexibility for employers and employees in hours worked during a pay period before mandating overtime pay.

Family and Medical Leave Act. Oppose efforts to lower the threshold for FMLA coverage from the current 50 employees that would subject even more employers to the complicated and

burdensome requirements of that law, and oppose any initiatives to require employers to pay for FMLA leave with unemployment insurance taxes.

Fraud control. Support legislation to allow TWC to hire outside contractors on a pay-for-performance basis to assist in efforts to detect and remedy unemployment benefits fraud.

Immigration laws. Support proposals on a federal level to increase the cap on H-1B visas and reduce the long processing times for H-1B applications, thus allowing employers to better meet their hiring needs for technical workers in a tight labor market.

Living-wage ordinances. Oppose piecemeal mandates that vary from city to city requiring employers to pay a wage level higher than the federally required minimum wage.

Minimum wage. Oppose arbitrary increases in minimum wage which cannot be supported by improvements in productivity and which deprive many entry-level workers of job opportunities.

Pay equity. Strongly support the current law.

Payday law reform. Support reform of the Payday Law to achieve greater consistency with provisions of federal law and provide an administrative appeal process at the Commission level to reduce the cost of litigation.

Right-to-work. Support efforts to keep Texas a right-to-work state and oppose agency shop legislation.

Sexual orientation. Oppose expansion of current coverage of the Texas Human Rights Act. Expansion of coverage could lead to additional litigation.

Subsidized training wage. Support legislation to allow employers to apply part of their unemployment insurance taxes toward the cost of training workers for their businesses.

Unemployment insurance reform. Support unemployment insurance reform to improve effectiveness and reduce the burden to employers, including legislation treating severance pay the same as wages in lieu of notice, tightening up on work search requirements for claimants, and improving TWC's verification procedures for unemployment claims.

Unemployment Savings Accounts. Support fundamental changes in the unemployment insurance system that would abolish traditional federally controlled unemployment insurance programs in favor of establishing individual Unemployment Savings Accounts (USAs) for employees that would be available if needed for unemployment, training or as a supplement to retirement income.

Union dues check-off. Oppose efforts to allow public employees or require private employers to subsidize or promote labor unions or similar organizations through payroll collection of dues and contributions.

ENVIRONMENTAL QUALITY

TAB believes the following legislative proposals are important to achieve both protection of the environment and economic growth in Texas:

Access to research. Support legislation to require that research relied upon as the basis for proposed regulations by state and federal environmental agencies is made available for review by the regulated community before a regulation can be adopted.

Clean air. Support scientifically supportable and practicably achievable efforts to help areas which are in non-attainment come into attainment under the Clean Air Act Amendments of 1990, help near non-attainment areas stay in attainment, ensure that the responsibility for emission reductions is shared equitably among all emission sources, and assure that efforts toward cleaner air are directed in a manner that balances environmental gain with economic impact.

Cost of federal and state regulations. Support Texas law that requires state environmental agencies to estimate the cost and net benefits to regulated entities before adopting any major proposed rule, and oppose legislation that places additional requirements on business and industry without appreciable benefit to the environment.

End of Life/Take-back. Oppose legislative efforts to implement mandatory consumer electronics and appliance take-back programs in Texas that unfairly place the cost burdens on manufacturers and/or distributors. Oppose limitations and restrictions on the types of materials contained in electronics and appliances produced or sold in Texas. Support voluntary take-back programs, and support research programs that would lead to increased recycling, refurbishment and reduction of hazardous materials in landfills.

Environmental audits. Support Texas law that encourages environmental compliance by allowing the use of a self-evaluation privilege that protects a company's voluntary environmental and health and safety audits from being used in legal actions against the company under certain conditions.

Environmental education. Support activities for teachers and students in Texas public schools that promote a balanced perspective in environmental education based on sound science.

Environmental fees. Oppose the imposition of new fees to pay for environmental quality programs unless such fees are broad-based user fees and unless such programs demonstrate critical environmental needs impacting health and safety.

Environmental justice. Support the granting or renewal of permits on environmental and health-based standards and oppose permit programs that favor any community strictly because of its racial or economic composition.

Flexibility. Support efforts to expand operational flexibility options in environmental permit and compliance programs as long as the same or greater environmental protection is maintained. Designing such flexible operational programs can achieve significant cost-savings for both the state and the regulated community and still protect and enhance the environment.

Fuels Diversity. Oppose new legislative efforts that would require the use of specific fuels for industrial sources before viable supplies are available.

Fund balances. Oppose legislative efforts to sweep balances from state environmental funds built up from cost recovery fees on business and industry, and support making those fund balances available for environmental program appropriations or lowering program fees.

Global climate change. Oppose any federal or state government actions regarding climate change that could adversely affect the international competitiveness of the Texas or the U.S. economy in the world, and base any climate change policies on voluntary, cost-effective actions involving all U.S. trading partners.

Incentives instead of mandates. Support incentives for business to meet and exceed environmental legal requirements, thereby increasing environmental effectiveness and operational flexibility.

Paperwork reduction. Support state and Congressional efforts to streamline small businesses' paperwork burdens within the environmental permit and enforcement process and ease civil fines on first-time paperwork violations so that small businesses may correct the violations.

Regulatory responsibility. Support legislation to limit intrusion by federal agencies in the state's implementation of delegated environmental programs.

Standing in contested cases. Support Texas law that prohibits the state environmental agency from granting party status in a contested case hearing unless a justifiable or economic interest in the permit activity can be demonstrated.

Streamlining the permit process. Support legislation to streamline the permitting process to ensure that businesses can maintain environmental compliance and at the same time minimize roadblocks that result in expensive procedural delays.

Superfund/brownfields. Promote changes to the State Superfund Program to incorporate recent changes to the federal Superfund Program that encourage Brownfields cleanup and development.

Voluntary programs. Support legislation that encourages more voluntary environmental program activities like the Clean Industries Program.

HEALTH CARE

As we work on empowering consumers of health care and as we head until the next legislative Session TAB's mandate is clear: No more cost increases for employer sponsored health care. No more cost increases for hard working Texans.

Access. Increase access and choice of healthcare programs by supporting market-driven health policies that maximize consumer and public benefit and allow for the continuation of employer-sponsored voluntary health care coverage. Programs should be explored that would

allow employers selection of the highest quality benefits and the lowest, most competitive prices.

Costs. Oppose any measure that increases costs for Texas employers and their employees and families.

Consumer Directed Health Care. Empower employees and consumers of health care services. Educate and provide outcomes and empower them with choice and decision making on health care dollars and services. Stimulate improvements in quality of care and consumer comparisons. Encourage employees to be more involved in their health, and encourage education of employers and employees' on actual health care costs and fees. Promote understanding that a healthy employee and a health family create a productive workforce.

ERISA. Preserve employer, employee and health care system benefits of ERISA by opposing any attempt to erode the federal preemption of state law relating to health benefit plans. Vigorously protect the ability of ERISA employers to operate uniformly across state lines. Accessibility of ERISA by small businesses, their workers and the unemployed should be allowed.

Freedom of Choice. Allow employers and consumers the flexibility to pursue new products and administration of health care benefits by allowing flexibility to Texas employers. Allow employers to build their own plans and allow freedom of choice through flexible health plans and consumer disclosures.

Fraud and Abuse. Eliminate waste, fraud and abuse in both the commercial employer sponsored health care market and private sector health programs.

Liability. Prevent needless increases in cost and litigation through the expansion of any kind of medical liability. Oppose any legislation or existing statute that creates or expands causes of action or class actions against employers, physicians, hospitals and insurance carriers. Look at reforms related to curbing existing abuses and the filing of frivolous lawsuits.

Mandated Benefits. Oppose any additional mandates on employers providing health care. Seek a moratorium on adding new mandates as well as allowing mandate free options for small employers.

Market Flexibility. Ensure market-based solutions and approaches are used in our health care system. Support making coverage more affordable by monitoring and opposing health insurance regulations that increase the costs and undermine the concept of a free market for contractual medical services. Continue to allow employers to voluntarily provide health care coverage to their employees.

Medical Information. Foster medical information and profiles of providers for health care purchasers and their employees, including the collection and sharing of cost and quality data. The development of information technology is critical to improve quality and decrease fragmentation while protecting patient confidentiality and allowing consumer empowerment.

Medical Innovation. Bring the administration of health care services in line with other business practices. Encourage prompt payment of providers as well as electronic streamlining to

enhance outcomes and lower administrative burdens. Allow medical and health benefit plan flexibility and innovation to maximize consumer choice.

Medical Savings Accounts. Empower individuals to better handle their share of health care costs by improving access to coverage through the expansion of Medical Savings Accounts. This would enable employees to use pre-tax dollars to pay for health care services, create more accountability for health care purchasing decisions and allow individuals a federal income tax deduction for purchasing health coverage.

Patient Safety. Ensure patient safety and control costs by reducing the number of medical errors. Promote affordable, quality and safe health care. Encourage better monitoring and reporting of health professions and report cards on quality.

Quality. Preserve quality in our health care system.

Uninsured. Support targeted, market-based reforms that enhance the employer-based system to provide affordable access to quality care. Encourage greater voluntary participation on behalf of individuals by expanding access and choice.

INTERNATIONAL TRADE

Border Environmental Quality. Continue support for cooperation and monitoring of environmental standards along the Texas/Mexico border to achieve a proper balance which is equitable to Texas employers and border communities.

Immigration. Support legislation which increases H-1B Visa Caps to assure Texas employers access to a highly skilled workforce.

Trade Promotion Authority. Support legislation which expands free trade through renewal of presidential "fast track" authority and extension of NAFTA and other free trade initiatives.

Other Priorities

- Continue process of normalizing trade relations with Vietnam
- Oppose unilateral trade sanctions
- Promote free trade and address the globalization of the economy
- Support trade programs that help American companies to compete fairly with subsidized foreign competitors

TAXES & SPENDING

NO NEW TAXES!

Federal Funding. Support state policies and programs that maximize the receipt and use of federal matching and other funds for state purposes.

Fiscal Policy. Require government at every level to practice fiscal responsibility. For the federal government, this includes no deficit spending and strictly limiting increases in spending to no greater percentage than the increase in personal income.

Gross Receipts User Fees. Oppose any attempt to retroactively or prospectively impose a percentage of gross receipts use fee or street crossing surtaxes on the transmission of natural gas, crude oil petroleum products, petrochemicals and other goods, through pipelines.

Incentives. Support government tax policy, including exemptions, the net effect of which is to promote investment to create new jobs and expand economic activity.

Inventory Tax. Support elimination or reduction of local inventory taxes. Texas is one of only six states that permits the levy of a property tax on inventories. This places the state at a severe economic disadvantage.

Location of Payor. Oppose any changes in the current Texas franchise tax location of payor rule.

Mandates. Oppose unfunded government mandates which shift the cost of financing programs to either the private sector or other levels of government.

Privatization. Encourage privatization efforts in government for increased efficiency and to reduce government spending.

Property Tax Relief/Tax Structure. Oppose efforts to increase the property tax burden since 58% of all property taxes are paid by businesses.

Regulatory Policy. Maintain a regulatory climate that does not impose hidden taxes on employers through excessive fees and fines and reduces excessive regulations to promote, rather than impede, economic growth and job creation.

Research and Development Tax Incentive. Support the continued expansion of tax incentives designed to aid our state's research and development industries. Expansion of the Research and Development Tax Credit program would be one way to do this.

Right-of-Way Fees. Support legislation to promote consistency among municipalities in right-of-way fees assessed telecommunications providers, electric utilities and pipeline companies with facilities in city rights of way. The legislation would limit such fees to city cost of administration and maintenance of the rights of way, and require that such fees be assessed in a competitively neutral manner.

Small Business Tax Relief. Support continued franchise tax relief for small business.

State Budget. Continue to support fiscal restraint in state spending. TAB will continue to seek savings by focusing on increased efficiency in the use of state resources while simultaneously urging a reduction in the state's tax receipts.

State Tax System. Support a balanced state tax system that encourages the savings and investment necessary for the creation of jobs and that does not place a disproportionate share of the tax burden on business.

Tax Exemption For Pollution Control Equipment. Oppose attempts to repeal or weaken the property tax exemption for pollution control equipment.

Telecommunications Infrastructure Fund. Support the funding mechanism of Telecommunications Infrastructure Fund (TIF) as provided for under current law. At the current assessment rate, the TIF will have collected \$1.5 billion by FY 2004 as provided for under the 1995 enacting legislation. Any changes to TIF funding should only be considered as part of the Sunset review that will be conducted during the interim before the 2005 legislative session and will be considered during the 79th Session of the Legislature.

ON THE FEDERAL FRONT, TAB WILL SUPPORT:

Estate Taxes. Make permanent the repeal of the "Death Tax". The "Death Tax" accounts for only 1 percent of the federal tax base, but is a leading reason why fewer than one-third of family businesses survive to a second generation.

Federal Unemployment Tax Repeal. Support the federal Unemployment Security Financing Act, which would increase the flow of dollars from the Federal Unemployment Tax back to the states, streamline how the tax is collected, and repeal the "temporary" 0.2% surcharge employers have been paying since 1976.

Reduce Taxes. Continue to promote pro-growth tax relief that includes a permanent R&D tax credit, international tax simplification, estate tax repeal, education incentives and more. Not since the end of World War II has the federal tax code vacuumed up a larger share of GDP - 21 percent. High taxes, especially high marginal rates, are a barrier to increased savings and investment - key factors in sustaining economic growth. Over the next 10 years, federal budget surpluses are projected to total \$3 trillion - more than enough to fund government, save Social Security and Medicare, and provide tax cuts.

Tax Reform. Urge Congress to make tax reform a high priority. The U.S. needs a growth-oriented tax system that fosters, rather than penalizes, technology advances and investment.

TRANSPORTATION

- Support improved highways, ports of entry and other infrastructures that facilitate trade, tourism and other cross-border traffic between Texas and Mexico.
- Support development and funding of international trade corridors to accommodate current and future Texas transportation demands resulting from the North American Free Trade Agreement.
- Support Governor Perry's Trans Texas Corridor plan. The innovative plan will significantly improve opportunities for economic development and job creation in Texas.
- Support the issuance of bonds, such as Garvee bonds and the Texas Mobility Fund, as funding mechanisms for highway construction.
- Support the construction of toll roads wherever appropriate. Users will directly pay for the new roads, which will be dedicated solely to maintenance and new construction.
- Support limitations on the gas tax, except for the constitutionally required percentage used to fund our educational system, by reducing diversions to the fullest extent.
- Support outsourcing the state's engineering work to the maximum extent feasible to reduce costs and save taxpayer money.
- Support opening government monopolies to competition by comparing the cost of projects. If a business in the private sector can do the job better and at a lower cost than the state, then it should be outsourced.
- Support the expansion of opportunities for design build projects.

FEDERAL FUNDING

- Support efforts to increase Texas' transportation funding from the federal government from 88 cents to 95 cents of each federal gas tax dollar.

TORT REFORM

Alternative Dispute Resolution. Support legislation that creates mechanisms and incentives for the use of alternative dispute resolution.

Appeals Bonds. Provide reasonable limits on appeals bonds that are required by judgment debtors. The debtor should not be bankrupted in order to put up a bond during the appeals process.

Asbestos Litigation. Support asbestos litigation reform.

Chamber Liability. Support legislation that would codify federal volunteer protection laws to specifically include volunteer chamber directors and chamber service volunteers among those granted the same protection from personal liability as currently permitted by Texas law for other charitable and non-profit organizations.

Change of Venue. Oppose legislation that seeks to alter current law governing “venue” or where a case must be heard.

Class Action Lawsuits. Support reform efforts that would grant the Texas Supreme Court review of matters pertaining to class action suits, including: certification of class, size and eligibility for inclusion in the class; review of available administrative remedies; and a stay of proceedings pending resolution of these and other issues.

Extension of Exclusive Remedy. Support legislation that closes the loophole in Texas law that allows an injured worker to collect more for the same injury from both the employer and a parent or sister corporation of the employer.

Homeowners and landowners liability. Limit liability of premise owners for acts of criminals and other incidents that occur on the property; reinstate assumption of risk defense and extend protection to owner that grants access for recreational use.

Judicial Selection. Support legislation that creates a mechanism for the merit selection and non-partisan election of qualified jurists.

Legal Ethics Reform. Support legislation to reform the disciplinary process for attorneys.

Medical Malpractice. Support legislation to address rising medical malpractice insurance costs.

Mold Claims. Support reasonable legislative solutions to the rising incidence of mold claims and the effect on the availability and affordability of insurance.

Settlements. Support legislation that encourages the settlement of lawsuits by both plaintiffs and defendants by providing that either party that rejects a reasonable settlement offer must bear the cost of that litigation if the prevailing party subsequently wins an award of an equal or lesser amount than the original offer.

Statutes of Limitation. Oppose attempts to amend current law governing statutes of limitations or timetables for filing a lawsuit.

Submission. Support legislation to allow juries to act on all facts to apportion responsibility fairly among every party who may have contributed to a plaintiff’s injuries.

Third-party liability. Introduce and support legislation to prevent multiple recovery against third parties for injuries that are compensable under workers’ compensation insurance or other benefits.

Visiting Judges. Support legislation to allow the Texas Supreme Court to assign cases to visiting judges in matters requiring medical or technical expertise.

The Texas workers' compensation system continues to exhibit serious warning signs of deterioration. Medical costs in the Texas workers' comp system are reported to be the highest in the nation. In the 11+ years since reform last occurred, premiums have come down however, Texas employers still pay more than their counterparts on a national level.

Given the downturn in the stock market and current underwriting loss ratios now being experienced by workers' comp insurers, rate hikes for Texas employers are a certainty. Therefore, it is imperative that TAB again champions a strong and aggressive workers' compensation agenda that brings the Texas system under better and needed cost controls and greater efficiency. The measures that TAB will pursue during the 2003, 78th Texas Legislature, to attempt to make the workers' compensation system more efficient, effective and fair to Texas employers includes:

Administrative Simplification. Support legislation to reduce unnecessary administrative burdens in the workers' compensation system on employers, insurance carriers, injured workers, and health care providers.

Designation of Treating Doctor. Support legislation to require the designation of treating doctor.

Draft Rules. Support all changes in the TWCA necessary to allow TWCC to post draft rules and non-rule policies for public input prior to publication in the Texas Register as proposed rules.

Employer Participation in Selection of Medical Providers. Develop and support legislation that allows employers to provide benefits through established healthcare networks for the treatment of workers' compensation injuries.

Establishment of Ancillary Services Provider Networks. Develop and support legislation that allows employers or their carriers to establish networks for the provision of ancillary medical services to injured workers. Examples of ancillary services include: diagnostic tests, x-rays, various types of therapy, magnetic resonance images (MRI), etc.

Exemplary Damage Caps. Oppose legislation to remove caps on exemplary damages in workers' compensation claims.

Extension of Exclusive Remedy to Parent/Sister Corporations. Support legislation to close the loophole in Texas law that allows injured workers to collect workers' compensation benefits and also sue their employer's parent or sister corporation for damages related to that injury.

Fraud: Monitoring, Detection and Prosecution. Support legislation that increases TWCC focus on identifying and prosecuting fraud within the workers' compensation system. Also, support incentives for identification and successful prosecution of workers' compensation fraud.

Health & Safety. Support cost-effective health and safety measures, including measures designed to provide notice to an employer of unsafe conditions and timeframes to correct potential problems prior to bringing a lawsuit.

Illegal Drug Use. Support legislation encouraging zero tolerance for the presence of alcohol or illegal drugs on the job.

Impairment Ratings. Maintain the objectivity of the workers' comp system by ensuring that adopted medical impairment guidelines do not raise impairment benefit payment amounts. Also, support continued monitoring of the impairment income benefits system.

Mandatory Workers' Compensation. Oppose legislation that seeks to establish a mandatory workers' compensation system in Texas.

Mental Health. Oppose legislation designed to expand mental health treatment guidelines, or the inclusion of psychologists as authorized treating physicians.

Nonsubscription. Oppose legislation that imposes new laws or regulations on employers that are nonsubscribers to the workers' compensation system.

Opinion of Chosen Doctor. Support legislation to clarify that claimants *may not appeal* the opinions of their treating doctor in the areas of medical treatment, impairment and dispute process.

Pay or Dispute Requirement. The Labor Code should be amended to provide that a carrier's failure to pay or dispute a claim by the 7th day after it receives notice of the claim does not result in a loss of the carrier's ability to dispute the claim, if otherwise disputed within the first 60 days after notice.

Pharmacy Networks. Support legislation to establish pharmacy networks and appropriate formularies that seek to reduce the cost of pharmaceuticals.

Public Use Data Files. Require TWCC to make available a public use data file (PUDF) that protects the confidentiality of claimants and employers but identifies health care providers and insurance carriers. Support all changes in the confidentiality provisions of the Texas Workers' Compensation Act necessary to allow distribution of the PUDF and to allow publication of medical disputes, appeals panel and SOAH decisions with protection only of claimant and employer confidentiality.

Regulatory Efficiency. Support measures to increase efficiency in the operation and administration of the Texas Workers' Compensation Commission (TWCC).

Retaliatory Discharge. Support legislation to limit damages and restrict the scope of actions filed by a terminated employee for workers' compensation retaliatory discharge.

Review Panel Immunity. Require TWCC to establish by rule procedures for persons to submit information on providers to the Medical Quality Review Panel and provide persons submitting information to the MQRP with immunity from litigation.

Settlements. Oppose legislation that attempts to reintroduce lump sum settlements, including medical lifetime benefits, into the Texas workers' compensation system.

Subrogation of Deductible. Support legislation to clarify existing law to allow for the subrogation of benefits paid out under the deductible part of a deductible policy.

Subsequent Injury Fund. Support legislation to secure the solvency of the subsequent injury fund that does not require an increase in the maintenance tax.

Tighter Restrictions on Change of Treating Doctor. Amend and clarify existing law regarding authorization for a change of treating doctor.

Treating Physicians. Support legislation that strengthens the role of treating physicians to ensure quality medical care and effective management of care for injured workers.

Utilization Review. Support legislation to promote utilization review as a method of cost containment and quality improvement.

Ray Perryman, Ph.D. – Texas, Our Texas: An Assessment of Economic Development Programs and Prospects (summary by Krishna Akundi, Ph.D.)

A Synopsis of the Perryman Report Recommendations
from
An Assessment of Economic Development Programs and Prospects

SECTION VII **Recommendations for Achieving Long-Term Economic Development and Sustainable Prosperity in Texas** [pages 184 - 200]

A. **Attitude Adjustment!**

- Perryman makes the point that the prevailing wisdom in Texas, particularly during economic good times– the 1970's and 1990s– was that
 1. Texas has no reason to be actively involved in economic development
 2. State government should not commit extensive effort or fiscal resources to such purposes.[page 184, para 2]
- This mentality has to change. He asserts that just as transportation, municipal services, education, and other functions that promote economic well-being are treated as public goods so too should economic development. If we accept that paradigm, then the State has a valid and necessary role to play in economic development..[page 184, para 3]
- Economic Development strategies must, at a minimum, “meet the market”. In other words, **economic development efforts need to create an environment where a company’s location/investment in a community benefits both the buyer and the seller.** [page 186, para 2]
- **Any inducement package that the State is considering to offer a prospective business ought to be accompanied by an ROI (Return-on-Investment) analysis.** We need to show that the benefits to the State exceed the costs. [page 186, para 1]

B. **Simplify! Simplify! Simplify!**

- **Streamline regulatory requirements and incentive programs.** “Many of the implementation rules for regulations related to environmental guidelines, permitting, taxation and other parameters are difficult to interpret and subject to unpredictable outcomes..... the administrative structure of Smart Jobs was one of the inherent problems that precipitated its demise” [page 188, para 1- 2]

“While Texas prides itself on being ‘business friendly’, this perception is not shared by

site selection consultants and economic development decision makers.” [page 188, para 3]

C. [Back to Basics!](#)

Under this heading, Perryman makes recommendations on some of the basic functions of government that are necessary to implement an effective economic development program. These basic functions include education, environment, energy (electric power), economy (tax policy), transportation, and telecommunications. [page 189-191]

- Education: “Performance levels must be enhanced, dropout rates reduced, college enrollment increased.” This task falls to the Texas Education Agency, Texas Higher Education Coordinating Board, and the Texas Workforce Commission.
- Environment: “...ecological conditions in an area can materially impact its desirability and feasibility as a site for economic growth.” Therefore, the State must adequately establish and fund compliance plans to meet federal mandates.
- Electric Power: Compared to other large states, Texas has “a well-defined power grid and a surplus of power to sustain growth.” Perryman asserts that if the state is to recruit electricity-intensive industries, Texas must maintain its energy advantage and adhere to a consistent set of reasonable and straightforward guidelines.
- Tax Policy: Perryman calls for an overhaul of the state’s tax system— perhaps not a thorough fundamental change but an incremental approach. Why an overhaul? Perryman finds that “the Texas tax structure is typically ranked near or below the middle among all states in attractiveness for new business activity and is not particularly well regarded by site selection consultants.” [page 42, para 2]

Perryman suggests that the Legislature should begin with reviewing the school finance system since it represents a large share of overall state and local spending. While ‘Robin Hood’ provided Texas with one of the most equitable school finance systems in the country, that system is beginning to show signs of age. Specifically, educators and taxpayers have demanded the following:

[page 44, para 2 & 3]

- i Robin Hood recapture should be reduced or eliminated
- ii Property tax relief ought to be granted
- iii Alternative or additional sources of school funding need to be provided.

The Perryman group considered six alternative sources for funding [page 47, para 1]:

- (i) State Property Tax
- (ii) Sales Tax
- (iii) Business Activity Tax
- (iv) Franchise Tax
- (v) Gross Receipts Tax

(vi) Income Tax

- Transportation: Have available and make optimal use of financial resources. Without an adequate transportation infrastructure, future economic growth is likely to be derailed. Thus, the recently established toll equity funding mechanisms and a mobility fund are important and necessary first steps. The state also should encourage public-private partnerships to accelerate development.
- Telecommunications: Broadband accessibility in all regions of Texas, especially in rural and border regions. Having this state-of-the-art telecommunications capability can redefine the state's poorer regions in terms of education opportunities and health care. And this in turn could lead to new and expanded business activity in the state.

D. [Show Me the Money!](#)

If the state is to improve its competitive position as a quality business location, in relation to other states, Texas must be ready to provide prospective businesses with an appealing inducement packet. To that end, Perryman suggests six viable mechanisms:

[page 192-194]

- (i) Deal-Closing Fund
- (ii) Increase the R&D Tax Credit
- (iii) Simplify HB 1200
- (iv) Expand and Simplify the Investment and Job Tax Credits
- (v) Maintain and Strengthen the Economic Development Sales Tax
- (vi) Develop an Equitable and Competitive Inventory Tax System.

E. [Get the Job Done!](#)

Supplement the Texas Skills Development and Self-Sufficiency funds with a comprehensive, employer driven program— a program focused on specific employer needs not on societal goals. Perryman contends that the Texas Workforce Commission would be the appropriate agency to develop and manage and evaluate a new employer-driven program. [page 194]

F. [Find Me the Money!](#)

Texas should encourage private-sector lending and investment in the state; enhance existing credit programs such as linked deposit; create business incubators; develop an Economic Development Bank to oversee and promote capital access efforts. [page 195]

G. [Help From Above!](#)

The federal government through the Economic Development Administration and Small Business Administration among the many federal agencies provides grants and other resources that can serve as a boon to Texas communities. The State should make a concerted effort to monitor and access such external funds. [page 195]

H. [Sell It!](#)

Marketing is the key to any competitive framework. Texas has a proven and highly successful program to promote tourism. That program must be maintained and provided with sufficient

resources to be more effective. TPG finds that other states are increasing their promotional campaigns. In a comparable vein, business development efforts need to be sufficiently funded. [page 195]

I. **Focus It!**

“In order to effectively utilize state resources for maximum impact, strategies should be focused toward clusters of production where Texas is presently competitive or has the potential to be competitive.” **Thus, a key economic development strategy is cluster analysis and development.** [page 196]

J. **Spread It Around!**

Texas is a vast and diverse state. Any economic development strategy– whether it is drafting a cluster study or evaluating an economic inducement package or preparing an assessment– requires analysis at a manageable ‘unit of analysis’ or geographic scale. Perryman and TPG used the twenty-four planning regions or Councils of Governments as their unit of analysis for this report. [page 196]

After his assessment of economic development in Texas, Dr. Perryman focused on the role of the Texas Economic Development agency. Do we need one? Of course we do but all economic development efforts should not be consolidated under one roof. “Texas Economic Development is the proper place for tourism, marketing and lead generation. Texas Workforce Commission is the proper place for workforce development and job training. The Comptroller of Public Accounts is the proper entity for administering tax incentives. The economic development efforts of these and other entities must be coordinated. Perryman contends that Texas Economic Development could serve that function yet only if the agency is fully integrated with the Governor’s Office: “Texas must maintain a department tasked with the most visible aspects of promoting business expansion and job creation. This activity should be closely integrated with the Office of the Governor.” [page 197-198]

Perryman lists seven key tasks for a reinvigorated state economic development agency: [page 198-200]

- Coordinate Economic Development Efforts
- Administer the State Tourism Campaign
- Market Texas as an Industrial Location
- Coordinate Foreign Trade Expansion Efforts
- Serve as a ‘Super’ Clearinghouse for Economic Development Initiatives
- Assist in Program Administration and Approval
- Provide Economic Development Assistance to Individual Areas- to medium sized communities in particular