

AN ACT

relating to the Rural Economic Development and Investment Program
and the Texas economic development fund.

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

SECTION 1. Sections 12.0271(a) and (b), Agriculture Code,
are amended to read as follows:

(a) From funds appropriated for that purpose, the
commissioner shall establish and administer a financial assistance
program to encourage private economic development in rural areas.
Financial assistance under the program may be provided only to:

(1) a county with a population of not more than 200,000
~~[75,000]~~;

(2) a municipality with a population of not more than
50,000; ~~[or]~~

(3) a public utility owned by a municipality described
by Subdivision (2);

(4) a political subdivision not described by
Subdivision (1) or (2), including a special district, that is
wholly or partly located in a county described by Subdivision (1);
or

(5) an economic development corporation, ~~[or]~~
community development financial institution, or other lender that
primarily represents a county or municipality described by this
subsection.

(b) Financial assistance under Subsection (a) may be used only for a project relating to:

(1) the acquisition or development of land, easements, or rights-of-way;

(2) attracting new private enterprises to the county or municipality, including:

(A) manufacturing facilities;

(B) freight storage facilities;

(C) distribution warehouse centers; ~~and~~

(D) mineral extraction activities, as defined by Section 2270.0051, Government Code; and

(E) other nonretail private enterprises;

(3) the construction, extension, or other improvement of:

(A) water or waste disposal facilities; or

(B) transportation infrastructure; or

(4) any other activity relating to private economic development that the commissioner determines will encourage economic and infrastructure development in a rural area.

SECTION 2. Section 12.0272(b), Agriculture Code, is amended to read as follows:

(b) Money in the Texas economic development fund is dedicated to and may be appropriated only to the department for the purposes of administering, continuing, implementing, or maintaining:

(1) an economic development program originally established as part of the department's implementation of the State

Small Business Credit Initiative; or ~~and~~

(2) one or more of the department's economic development programs:

(A) established to encourage the export of Texas agricultural products or products manufactured in rural Texas; or

(B) established through an agreement with a federal agency, foreign governmental entity, local governmental entity, nonprofit organization, private entity, public university, or state governmental entity to encourage rural economic development in this state.

SECTION 3. Section [12.0273](#), Agriculture Code, is amended by amending Subsections (c), (d), and (e) and adding Subsections (e-1) and (h) to read as follows:

(c) The term of a loan made using money from the fund may not exceed 20 years. ~~[A loan must require monthly payments of principal and interest beginning not later than the 90th day after the date the loan is made.]~~

(d) The department shall administer the fund as a perpetual source of financing for loans and grants under this section. The department shall use payments of principal and interest to make additional loans and grants. Subject to Subsection (f), the department may use any money in the fund to make additional loans and grants.

(e) The cumulative amount of ~~loans and~~ grants to any person using money from the fund may not exceed \$1 million.

(e-1) The maximum aggregate amount of outstanding loans to any one person at any time using money from the fund may not exceed

1 \$1 million.

2 (h) The department may adopt rules for the repayment of a
3 loan or grant made under this section.

4 SECTION 4. Section [12.0273](#), Agriculture Code, as amended by
5 this Act, applies only to a loan or grant made on or after the
6 effective date of this Act.

7 SECTION 5. This Act takes effect September 1, 2025.

H.B. No. 2765

President of the Senate

Speaker of the House

I certify that H.B. No. 2765 was passed by the House on April 25, 2025, by the following vote: Yeas 104, Nays 27, 3 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2765 was passed by the Senate on May 22, 2025, by the following vote: Yeas 25, Nays 6.

Secretary of the Senate

APPROVED: _____

Date

Governor