

By: Lucio

S.B. No. 1485

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the establishment of the Texas Rural Development Fund  
3 and to the establishment, operation, and funding of certain  
4 programs for rural economic development.

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

6 SECTION 1. Section 487.001, Government Code, is amended by  
7 adding Subdivision (3) to read as follows:

8 (3) "Rural area" means a rural area as defined by the  
9 office.

10 SECTION 2. Chapter 487, Government Code, is amended by  
11 adding Subchapters Q through W to read as follows:

12 SUBCHAPTER Q. TEXAS RURAL DEVELOPMENT FUND

13 Sec. 487.751. TEXAS RURAL DEVELOPMENT FUND. (a) The Texas  
14 Rural Development Fund is an account in the general revenue fund.  
15 The account is composed of:

16 (1) legislative appropriations;  
17 (2) gifts, donations, grants, and matching funds  
18 received under Subsection (b); and

19 (3) other money required by law to be deposited in the  
20 account.

21 (b) The office may solicit and accept gifts, donations,  
22 grants, and matching funds of money from the federal government,  
23 local governments, private corporations, or other persons to be  
24 used for the purposes of Subchapters R, S, T, U, V, and W.



1       (b) An eligible business or entrepreneur may apply for a  
2 loan under the program on an application form prescribed by the  
3 office.

4       (c) To be eligible for a loan, a loan applicant must provide  
5 at least five percent of the equity for each project. The office  
6 may consider the amount of equity provided by an applicant in  
7 scoring a loan application. An eligible business or entrepreneur  
8 is not eligible for more than one loan for each created or retained  
9 job.

10       (d) The office shall make a loan to an eligible business or  
11 entrepreneur under the program in the following order of  
12 preference:

- 13               (1) microenterprises;  
14               (2) small businesses;  
15               (3) businesses dependent on natural resources in  
16 developing value-added products;  
17               (4) tourism or recreation businesses;  
18               (5) entrepreneurs and businesses that expand  
19 broadband service access for rural areas; and  
20               (6) projects to develop infrastructure for the benefit  
21 of entrepreneurs and businesses in rural areas.

22       (e) The maximum loan amount to be made by the program is  
23 \$35,000 for each eligible employee position retained or created.

24       (f) A loan made by the program is based on the following  
25 schedule:

- 26               (1) up to \$14,000 for each eligible employee position  
27 retained or created with wages greater than or equal to 170 percent

1 and less than 200 percent of the minimum wage;

2 (2) up to \$21,000 for each eligible employee position  
3 retained or created with wages greater than or equal to 200 percent  
4 and less than 250 percent of the minimum wage;

5 (3) up to \$28,000 for each eligible employee position  
6 retained or created with wages greater than or equal to 250 percent  
7 and less than 300 percent of the minimum wage; and

8 (4) up to \$35,000 for each eligible employee position  
9 retained or created with wages greater than or equal to 300 percent  
10 of the minimum wage.

11 (g) The maximum number of loans made by the program each  
12 biennium must be determined based on the total amount appropriated  
13 by the legislature during the biennium to the Texas Rural  
14 Development Fund established under Subchapter Q.

15 (h) After job creation, the office may forgive up to 25  
16 percent of the total amount of a loan made under this section.

17 (i) A loan may not be used to attract a business from another  
18 location in this state, unless the office determines that the  
19 business would otherwise leave the state.

20 Sec. 487.804. LOAN TERMS. (a) Loan interest rates must be  
21 based on the capacity of the borrower and the risk of the project,  
22 as determined by the office.

23 (b) Loan interest rates may be as low as zero percent.

24 Sec. 487.805. SUPPORT SERVICES. The office may contract to  
25 provide services to entrepreneurs or businesses for purposes of  
26 implementing the program.

27 [Sections 487.806-487.850 reserved for expansion]

1 SUBCHAPTER S. RURAL AREA REGIONAL PLANNING AND IMPLEMENTATION

2 MATCHING GRANT PROGRAM

3 Sec. 487.851. DEFINITION. In this subchapter, "program"  
4 means the rural area regional planning and implementation matching  
5 grant program established under this subchapter.

6 Sec. 487.852. RURAL AREA REGIONAL PLANNING AND  
7 IMPLEMENTATION MATCHING GRANT PROGRAM. (a) The office shall  
8 create the rural area regional planning and implementation matching  
9 grant program to foster regional collaboration for community and  
10 economic development in rural areas.

11 (b) The office may award matching grants for the planning  
12 and implementation of regionally identified objectives in a rural  
13 area.

14 Sec. 487.853. ELIGIBLE ENTITIES. (a) To be awarded a  
15 matching grant under the program for a proposed project, an  
16 application, including a description of the project proposal, must  
17 be jointly submitted by two or more of the following entities in the  
18 form prescribed by the office:

19 (1) a municipality;

20 (2) a county;

21 (3) an economic development corporation;

22 (4) a community foundation;

23 (5) a faith-based organization;

24 (6) a hospital; or

25 (7) an institution of higher education, as defined by  
26 Section 61.003, Education Code.

27 (b) Entities that jointly submit an application under

1 Subsection (a) must be physically located in at least:

2 (1) two or more adjacent rural counties; or

3 (2) two or more municipalities or census-designated  
4 places in a rural county.

5 Sec. 487.854. GRANT AWARDS; CRITERIA. (a) The office  
6 shall give preference to eligible applicants that demonstrate an  
7 inclusive planning and implementation process over other eligible  
8 applicants for an award of a matching grant under the program.

9 (b) The executive committee by rule shall develop criteria  
10 for eligible projects and for the awarding of matching grants under  
11 the program.

12 [Sections 487.855-487.900 reserved for expansion]

13 SUBCHAPTER T. RURAL CAPACITY AND LEADERSHIP ENHANCEMENT PROGRAM

14 Sec. 487.901. DEFINITION. In this subchapter, "program"  
15 means the rural capacity and leadership enhancement program.

16 Sec. 487.902. PROGRAM. The office shall create the rural  
17 capacity and leadership enhancement program to assist  
18 municipalities and unincorporated communities with a population of  
19 less than 10,000 to:

20 (1) develop leadership capacity;

21 (2) improve the business practices of municipal  
22 government;

23 (3) increase awareness of the benefits of renewable  
24 energy;

25 (4) identify community assets that can be used to  
26 enhance community and economic development; and

27 (5) provide assistance for emergency services

1 districts.

2 Sec. 487.903. RURAL LEADERSHIP CURRICULUM. The office  
3 shall coordinate with an interested public junior college or public  
4 technical institute, as those terms are defined by Section 61.003,  
5 Education Code, that is located in a rural area or a consortium of  
6 those colleges or institutes to develop a rural leadership  
7 curriculum to implement the program.

8 Sec. 487.904. LEADERSHIP TRAINING. The office may award a  
9 stipend under the program to an individual who completes training  
10 based on the curriculum developed under Section 487.903.

11 [Sections 487.905-487.950 reserved for expansion]

12 SUBCHAPTER U. RURAL COMMUNITY ASSET STUDY MATCHING GRANT PROGRAM

13 Sec. 487.951. DEFINITION. In this subchapter, "program"  
14 means the rural community asset study matching grant program.

15 Sec. 487.952. RURAL COMMUNITY ASSET STUDY MATCHING GRANT  
16 PROGRAM. (a) The office shall create the rural community asset  
17 study matching grant program to assist communities in rural areas  
18 in identifying community assets.

19 (b) The office may issue matching grants to fund community  
20 asset studies in accordance with criteria established by rule of  
21 the executive committee.

22 Sec. 487.953. ELIGIBLE ENTITIES. (a) To be awarded a  
23 matching grant under the program for a proposed project, an  
24 application, including a description of the project proposal, must  
25 be jointly submitted by two or more of the following entities in the  
26 form prescribed by the office:

27 (1) a municipality;

- 1           (2) a county;
- 2           (3) an economic development corporation;
- 3           (4) a community foundation;
- 4           (5) a faith-based organization;
- 5           (6) a hospital; or
- 6           (7) an institution of higher education, as defined by  
7 Section 61.003, Education Code.

8           (b) The office shall give preference to eligible applicants  
9 that demonstrate an inclusive planning and implementation process  
10 over other eligible applicants for an award of a matching grant  
11 under the program.

12           (c) The executive committee by rule shall develop criteria  
13 for eligible projects and for the awarding of matching grants under  
14 the program.

15           [Sections 487.954-487.1000 reserved for expansion]

16           SUBCHAPTER V. TEXAS RURAL YOUTH CORPS PROGRAM

17           Sec. 487.1001. DEFINITIONS. In this subchapter:

18           (1) "Executive director" means the executive director  
19 of the Office of Rural Community Affairs.

20           (2) "Program" means the Texas rural youth corps  
21 program.

22           Sec. 487.1002. TEXAS RURAL YOUTH CORPS PROGRAM. (a) The  
23 office shall create the Texas rural youth corps program to  
24 encourage youth participation in civic improvement activities in  
25 rural areas. The program shall:

26           (1) provide youth in rural areas with opportunities to  
27 acquire job skills while participating in community service



1 activities; and

2 (2) create opportunities for youth that allow rural  
3 communities to enhance existing community resources and improve  
4 economic conditions.

5 (b) The office may designate personnel as necessary to  
6 administer the program.

7 Sec. 487.1003. RULES. The executive committee shall adopt  
8 rules as necessary to implement the program, including rules for  
9 auditing and accountability.

10 Sec. 487.1004. GRANTS. The executive director may award  
11 grants under the program to eligible entities for projects that  
12 meet the requirements of this subchapter.

13 Sec. 487.1005. ELIGIBLE ENTITIES. (a) Except as provided  
14 by Subsection (b), the following entities are eligible to submit an  
15 application as provided by Section 487.1007 to receive a grant for a  
16 proposed project under this subchapter:

17 (1) a nonprofit organization;

18 (2) a public agency that operates a community-based  
19 youth employment training program;

20 (3) a community housing development organization  
21 certified by this state;

22 (4) a youth organization;

23 (5) a corps-based community service organization; or

24 (6) another entity authorized by rule of the executive  
25 committee.

26 (b) Each eligible applicant that submits an application  
27 under Subsection (a) must demonstrate that the applicant has at

1 least three years of successful experience operating programs for  
2 the benefit of youth, in particular disadvantaged or at-risk youth  
3 populations.

4 Sec. 487.1006. ELIGIBLE PROJECTS. To receive a grant under  
5 the program, a proposed project of an eligible applicant must  
6 provide, by using the services and skills of youth participants who  
7 are at least 12 years of age but younger than 19 years of age, at  
8 least one of the following services to the rural community in which  
9 the project is located:

10 (1) rehabilitation or construction of  
11 energy-efficient, affordable housing for:

12 (A) elderly individuals;

13 (B) veterans of the United States armed forces;

14 or

15 (C) low-income individuals and families;

16 (2) sustainable construction or rehabilitation of:

17 (A) historic properties;

18 (B) community facilities;

19 (C) business incubators;

20 (D) health care facilities;

21 (E) cultural districts; or

22 (F) parks owned by public or nonprofit entities;

23 (3) increased access to information on new technology  
24 and technological advances, including communications or renewable  
25 energy technologies;

26 (4) documentation of community history;

27 (5) identification and analysis of community assets

1 through a community asset study; and

2 (6) marketing services of community assets,  
3 amenities, and history identified in a community history  
4 documentation or community asset study.

5 Sec. 487.1007. GRANT APPLICATION. A grant application for  
6 a proposed project must be filed with the office in a form  
7 prescribed by the office. Each application must include:

8 (1) the amount of grant money requested;

9 (2) a description of the proposed project;

10 (3) a description of the applicant's qualifications,  
11 including the applicant's experience with youth, educational  
12 groups, and community groups;

13 (4) a list of proposed sites for construction or  
14 rehabilitation of housing or other buildings, if applicable;

15 (5) a description of proposed sustainable  
16 construction or rehabilitation activities, including an  
17 implementation schedule, if applicable;

18 (6) a description of the applicant's proposed  
19 procedures for recruiting and selecting participants in the  
20 project;

21 (7) a proposed budget;

22 (8) a description of proposed financing, if  
23 applicable;

24 (9) a list of relevant contracts or other arrangements  
25 between the applicant and public agencies to facilitate project  
26 implementation;

27 (10) a list of prospective donations, grants, or

1 in-kind contributions that will supplement grant money received  
2 under the program; and

3 (11) other criteria as considered necessary by the  
4 office.

5 Sec. 487.1008. PROJECT SELECTION; CRITERIA. (a) The  
6 executive committee by rule shall establish criteria for selecting  
7 projects for the awarding of a grant under this subchapter.

8 (b) In establishing criteria under Subsection (a), the  
9 executive committee shall:

10 (1) give preference to an applicant who can document  
11 the existence of matching contributions from other sources and  
12 support from local organizations, community leaders, and elected  
13 officials; and

14 (2) give preference to projects that provide  
15 participants with an opportunity to earn scholarship awards towards  
16 college tuition expenses.

17 (c) In establishing criteria under Subsection (a), the  
18 executive committee may:

19 (1) give preference to an applicant who has experience  
20 in providing the services proposed to be provided under the  
21 project; and

22 (2) give preference to projects that assist youths who  
23 are at least 12 years of age but younger than 19 years of age who:

24 (A) are not attending high school and have not  
25 received a high school diploma or high school equivalency  
26 certificate; or

27 (B) attend high school or a program leading to a

1 high school equivalency certificate, but have been identified as  
2 being at risk of dropping out of high school or the program leading  
3 to a high school equivalency certificate.

4 Sec. 487.1009. ADVISORY BOARD; PARTICIPANT COUNCIL. On  
5 receipt of a grant under the program, the successful grantees shall  
6 establish:

7 (1) an advisory board for the project that includes:

8 (A) senior staff that manage and operate the  
9 project;

10 (B) employers and business and community leaders  
11 of the community; and

12 (C) project participants; and

13 (2) a project participant council to provide comments  
14 and suggestions regarding project policies.

15 Sec. 487.1010. ASSISTANCE FOR GRANTEES. On receipt of a  
16 grant under the program, the office shall provide successful  
17 grantees with access to curriculum materials created under Section  
18 487.903, in particular materials that are designed to develop:

19 (1) leadership ethics;

20 (2) active citizenship;

21 (3) a sense of personal responsibility;

22 (4) critical thinking skills;

23 (5) decision-making skills;

24 (6) problem-solving skills; and

25 (7) negotiation skills.

26 Sec. 487.1011. OTHER FUNDING SOURCES REQUIRED. More than  
27 50 percent of a proposed project's budget must be derived from a

1 source other than the award of a grant or other incentive from the  
2 office.

3 Sec. 487.1012. LIMIT ON ADMINISTRATIVE EXPENSES. A grantee  
4 may not spend grant money for more than 15 percent of a proposed  
5 project's administrative costs.

6 Sec. 487.1013. REPORTING. The office must include the  
7 following information regarding the program in its biennial report  
8 to the legislature under Section 487.056:

9 (1) the total number of grants and the total amount of  
10 grant money awarded under the program;

11 (2) the geographical distribution of grants awarded;  
12 and

13 (3) the number of youth and other persons  
14 participating in program-funded projects.

15 [Sections 487.1014-487.1050 reserved for expansion]

16 SUBCHAPTER W. RURAL WEALTH CREATION AND RETENTION PROGRAM

17 Sec. 487.1051. DEFINITION. In this subchapter, "program"  
18 means the rural wealth creation and retention program.

19 Sec. 487.1052. RURAL WEALTH CREATION AND RETENTION PROGRAM.  
20 The office shall create a rural wealth creation and retention  
21 program to assist rural communities in:

22 (1) identifying community wealth;

23 (2) educating residents about the benefits of  
24 charitable giving; and

25 (3) encouraging the creation of community foundations  
26 in those areas to build sustainable local wealth and decrease  
27 long-term dependence on state and federal resources.

1       Sec. 487.1053. CONTRACT FOR SERVICES; CRITERIA. (a) The  
2 office may contract with other entities to provide services under  
3 the program.

4       (b) In making a decision to contract with an entity under  
5 Subsection (a), the office shall give preference to an entity with a  
6 proven history of providing assistance to community foundations.

7       Sec. 487.1054. SUPPORT SERVICES. The office, or a  
8 contracting entity under Section 487.1053, may provide support  
9 services for the implementation of the program, including financial  
10 management, strategic development, and education training.

11       Sec. 487.1055. FEE. The office, or a contracting entity  
12 under Section 487.1053, may charge a fee for services provided  
13 under the program. The amount of the fee shall be determined by  
14 rule of the executive committee.

15       SECTION 3. Not later than March 1, 2008, the executive  
16 committee of the Office of Rural Community Affairs shall adopt  
17 rules for the programs established under Subchapters R through W,  
18 Chapter 487, Government Code, as added by this Act.

19       SECTION 4. Implementation of the programs established under  
20 Subchapters R through W, Chapter 487, Government Code, as added by  
21 this Act, is contingent on appropriation of funding by the  
22 legislature.

23       SECTION 5. This Act takes effect immediately if it receives  
24 a vote of two-thirds of all the members elected to each house, as  
25 provided by Section 39, Article III, Texas Constitution. If this  
26 Act does not receive the vote necessary for immediate effect, this  
27 Act takes effect September 1, 2007.