

BILL ANALYSIS

C.S.H.B. 2312
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Agriculture & Livestock
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Agriculture is a top industry in Texas. From production to processing, Texas agriculture adds billions of dollars to the state's economy. The success of our rural communities is important to the well-being of Texas agriculture. However, several factors are challenging the vitality of our rural communities, such as the continuing population migration to urban areas, factories and processing plants moving overseas, and the ability to obtain financing in today's credit market.

C.S.H.B. 2312 provides for the creation of the rural economic development and investment program, requiring the commissioner of agriculture to establish and administer a financial assistance program to encourage private economic development in rural areas from funds appropriated for that purpose. The bill authorizes financial assistance under the program to be provided only to a county with a population of not more than 75,000 or a municipality with a population of not more than 50,000. The bill includes provisions specifying the types of projects for which such financial assistance may be used, provisions governing the manner in which the commissioner may provide such assistance, and provisions establishing certain requirements on a county or municipality concerning the funds. A goal of the development of the program is to help leverage limited state dollars in an attempt to obtain federal funds from various federally funded programs. The program will also provide the Department of Agriculture with another economic tool.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Department of Agriculture in SECTION 2 of this bill.

ANALYSIS

C.S.H.B. 2312, the Rural Economic Development and Investment Act, amends the Agriculture Code to require the commissioner of agriculture to establish and administer a financial assistance program to encourage private economic development in rural areas from funds appropriated for that purpose. The bill authorizes financial assistance under the program to be provided only to a county with a population of not more than 75,000 or a municipality with a population of not more than 50,000.

C.S.H.B. 2312 authorizes such financial assistance to be used only for a project relating to the acquisition or development of land, easements, or rights-of-way; attracting new private enterprises to the county or municipality, including manufacturing facilities, freight storage facilities, distribution warehouse centers, and other nonretail private enterprises; the construction, extension, or other improvement of water or waste disposal facilities or transportation infrastructure; or any other activity relating to private economic development that the commissioner determines will encourage economic and infrastructure development in a rural area.

C.S.H.B. 2312 authorizes the commissioner to provide financial assistance to an eligible county or municipality by extending credit by direct loan based on the credit of the county or municipality, by providing a credit enhancement, by effectively lowering interest rates, by financing a purchase or lease agreement in connection with an economic or infrastructure development project, or by providing methods of leveraging money that have been approved by a federal cabinet-level agency and that relate to the project for which the assistance is provided.

C.S.H.B. 2312 requires a county or municipality that receives funds to segregate the funds from other funds under its control and to use the funds only for a purpose described by the bill. The bill requires any funds disbursed through the program to be repaid on terms determined by the Department of Agriculture (TDA).

C.S.H.B. 2312 requires the TDA to adopt rules necessary to implement the rural economic development and investment program.

EFFECTIVE DATE

September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2312 differs from the original, in provisions authorizing the commissioner of agriculture to provide financial assistance to an eligible county or municipality, to provide methods for leveraging money that have been approved by a federal cabinet-level agency, rather than specifically by the United States department of agriculture, interior, or commerce, as in the original.