

By: Lucio

S.B. No. 684

A BILL TO BE ENTITLED

AN ACT

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

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

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

(3) "Rural area" means an area that is predominately rural in character as defined by the office.

SECTION 2. Subchapter C, Chapter 487, Government Code, is amended by adding Section 487.062 to read as follows:

Sec. 487.062. TRAINING. (a) The office may develop and administer a training program related to the programs and activities established under Subchapters S, T, U, V, W, and X.

(b) The office may contract with a public or private entity to develop and provide the training under this section.

SECTION 3. Chapter 487, Government Code, is amended by adding Subchapters R through X to read as follows:

SUBCHAPTER R. TEXAS RURAL DEVELOPMENT FUND

Sec. 487.801. TEXAS RURAL DEVELOPMENT FUND. (a) The Texas Rural Development Fund is an account in the general revenue fund. The account is composed of:

(1) legislative appropriations;

(2) gifts, donations, grants, and matching funds

1 received under Subsection (b); and

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

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

8 (c) Income from money in the account shall be credited to
9 the account.

10 (d) Money in the development fund may be used only for the
11 purpose of implementing and maintaining the programs established
12 under Subchapters S, T, U, V, W, and X.

13 SUBCHAPTER S. RURAL ENTREPRENEURSHIP AND BUSINESS INNOVATION

14 PROGRAM

15 Sec. 487.851. DEFINITIONS. In this subchapter:

16 (1) "Microenterprise" means a business in a rural area
17 with not more than five employees.

18 (2) "Minimum wage" means the minimum wage set by
19 federal law as of January 1, 2009.

20 (3) "Program" means the rural entrepreneurship and
21 business innovation program established under this subchapter.

22 (4) "Small business" means a business in a rural area
23 with not more than 250 employees.

24 Sec. 487.852. PROGRAM. The office shall create a rural
25 entrepreneurship and business innovation program to:

26 (1) assist in the development and expansion of
27 businesses in rural areas;

1 (2) assist entrepreneurs in rural areas; and

2 (3) recruit out-of-state businesses to locate and
3 transact business in rural areas.

4 Sec. 487.853. INCENTIVES. (a) The program shall offer
5 incentives in the form of loans to entrepreneurs and businesses for
6 purposes of the creation or retention of jobs in rural areas.

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

10 (c) To be eligible for a loan, a loan applicant must provide
11 at least five percent of the equity for each project. The office
12 may consider the amount of equity provided by an applicant in
13 scoring a loan application. An eligible business or entrepreneur
14 is not eligible for more than one loan for each created or retained
15 job.

16 (d) The office may make a loan under the program to any of
17 the following eligible businesses or entrepreneurs:

18 (1) microenterprises;

19 (2) small businesses;

20 (3) businesses dependent on natural resources in
21 developing value-added products;

22 (4) tourism or recreation businesses;

23 (5) entrepreneurs and businesses that expand
24 broadband service access for rural areas; and

25 (6) projects to develop infrastructure for the benefit
26 of entrepreneurs and businesses in rural areas.

27 (e) The maximum loan amount to be made by the program is

1 \$35,000 for each eligible employee position retained or created.

2 (f) A loan made by the program may be based on the following
3 schedule:

4 (1) up to \$14,000 for each eligible employee position
5 retained or created with wages greater than or equal to 170 percent
6 and less than 200 percent of the minimum wage;

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

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

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

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

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

21 Sec. 487.854. LOAN TERMS. (a) Loan interest rates must be
22 based on the capacity of the borrower and the risk of the project,
23 as determined by the office.

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

25 Sec. 487.855. SUPPORT SERVICES. The office may contract to
26 provide services to entrepreneurs or businesses for purposes of
27 implementing the program.

1 Sec. 487.856. CHALLENGE GRANTS. The office may award
2 challenge grants under the program to promote the establishment of
3 community-based organizations to work in partnership with
4 communities in rural areas to assist entrepreneurs through economic
5 development efforts in existence at the time of the organization's
6 establishment.

7 SUBCHAPTER T. RURAL AREA REGIONAL PLANNING AND IMPLEMENTATION
8 MATCHING GRANT PROGRAM

9 Sec. 487.901. DEFINITION. In this subchapter, "program"
10 means the rural area regional planning and implementation matching
11 grant program established under this subchapter.

12 Sec. 487.902. RURAL AREA REGIONAL PLANNING AND
13 IMPLEMENTATION MATCHING GRANT PROGRAM. (a) The office shall
14 create the rural area regional planning and implementation matching
15 grant program to foster regional collaboration for community and
16 economic development in rural areas.

17 (b) The office may award matching grants for the planning
18 and implementation of regionally identified objectives in a rural
19 area.

20 Sec. 487.903. ELIGIBLE ENTITIES. (a) To be awarded a
21 matching grant under the program for a proposed project, an
22 application, including a description of the project proposal, must
23 be jointly submitted by two or more of the following entities in the
24 form prescribed by the office:

- 25 (1) a municipality;
26 (2) a county;
27 (3) an economic development corporation;

- (4) a community foundation;
- (5) a faith-based organization;
- (6) a hospital or clinic;
- (7) an institution of higher education, as defined by
Section 61.003, Education Code; or
- (8) a commission, as defined by Section 391.002, Local
Government Code.

(b) Entities that jointly submit an application under
Subsection (a) must be physically located in at least:

- (1) two or more adjacent rural counties; or
- (2) two or more municipalities or census-designated
places in a rural county.

Sec. 487.904. GRANT AWARDS. The office shall give
preference to eligible applicants that demonstrate an inclusive
planning and implementation process over other eligible applicants
for an award of a matching grant under the program.

SUBCHAPTER U. RURAL CAPACITY AND LEADERSHIP ENHANCEMENT PROGRAM

Sec. 487.951. DEFINITION. In this subchapter, "program"
means the rural capacity and leadership enhancement program.

Sec. 487.952. PROGRAM. The office shall create the rural
capacity and leadership enhancement program to assist
municipalities and unincorporated communities in rural areas to:

- (1) develop leadership capacity;
- (2) improve the business practices of municipal
government;
- (3) increase awareness of the benefits of renewable
energy;

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

3 (5) provide assistance for emergency services
4 districts.

5 Sec. 487.953. RURAL LEADERSHIP CURRICULUM. The office may
6 coordinate with an interested public junior college or public
7 technical institute, as those terms are defined by Section 61.003,
8 Education Code, that is located in a rural area or a consortium of
9 those colleges or institutes, the Texas Rural Leadership Program,
10 or another appropriate leadership program to develop and maintain a
11 rural leadership curriculum to implement the program.

12 Sec. 487.954. LEADERSHIP TRAINING. The office may award a
13 stipend under the program to an individual who completes training
14 based on the curriculum developed under Section 487.953.

15 SUBCHAPTER V. RURAL COMMUNITY ASSET STUDY MATCHING GRANT PROGRAM

16 Sec. 487.1001. DEFINITION. In this subchapter, "program"
17 means the rural community asset study matching grant program.

18 Sec. 487.1002. RURAL COMMUNITY ASSET STUDY MATCHING GRANT
19 PROGRAM. (a) The office shall create the rural community asset
20 study matching grant program to assist communities in rural areas
21 in identifying community assets.

22 (b) The office may issue matching grants to fund community
23 asset studies in accordance with criteria established by the
24 office.

25 Sec. 487.1003. ELIGIBLE ENTITIES. (a) To be awarded a
26 matching grant under the program for a proposed project, an
27 application, including a description of the project proposal, must

be jointly submitted by two or more of the following entities in the form prescribed by the office:

- (1) a municipality;
- (2) a county;
- (3) an economic development corporation;
- (4) a community foundation;
- (5) a faith-based organization;
- (6) a hospital or clinic;
- (7) an institution of higher education, as defined by Section 61.003, Education Code; or
- (8) a commission, as defined by Section 391.002, Local Government Code.

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

(c) The office shall develop criteria for eligible projects and for the awarding of matching grants under the program.

SUBCHAPTER W. TEXAS RURAL YOUTH CORPS PROGRAM

Sec. 487.1051. DEFINITIONS. In this subchapter:

- (1) "Executive director" means the executive director of the Office of Rural Community Affairs.
- (2) "Program" means the Texas rural youth corps program.

Sec. 487.1052. TEXAS RURAL YOUTH CORPS PROGRAM. (a) The office shall create the Texas rural youth corps program to encourage youth participation in civic improvement activities in

rural areas. The program shall:

(1) provide youth in rural areas with opportunities to acquire job skills while participating in community service activities; and

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

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

Sec. 487.1053. GRANTS. The executive director may award grants under the program to eligible entities for projects that meet the requirements of this subchapter.

Sec. 487.1054. ELIGIBLE ENTITIES. (a) Except as provided by Subsection (b), the following entities are eligible to submit an application as provided by Section 487.1056 to receive a grant for a proposed project under this subchapter:

(1) a nonprofit organization;

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

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

(4) a youth organization;

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

(6) another entity authorized by the office.

(b) Each eligible applicant that submits an application under Subsection (a) must demonstrate that the applicant has at least three years of successful experience operating programs for

the benefit of youth, in particular disadvantaged or at-risk youth populations.

Sec. 487.1055. ELIGIBLE PROJECTS. To receive a grant under the program, a proposed project of an eligible applicant must provide, by using the services and skills of youth participants who are at least 12 years of age but younger than 19 years of age, at least one of the following services to the rural community in which the project is located:

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

(A) elderly individuals;

(B) veterans of the United States armed forces;

or

(C) low-income individuals and families;

(2) sustainable construction or rehabilitation of:

(A) historic properties;

(B) community facilities;

(C) business incubators;

(D) health care facilities;

(E) cultural districts; or

(F) parks or cemeteries owned or supported by funds of public or nonprofit entities;

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

(4) documentation of community history;

(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. 487.1056. 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

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

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

Sec. 487.1057. PROJECT SELECTION; CRITERIA. (a) The office shall establish criteria for selecting projects for the awarding of a grant under this subchapter.

(b) In establishing criteria under Subsection (a), the office shall:

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

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

(c) In establishing criteria under Subsection (a), the office may:

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

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

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

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

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

Sec. 487.1058. ADVISORY BOARD; PARTICIPANT COUNCIL. On receipt of a grant under the program, the successful grantees shall establish:

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

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

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

(C) project participants; and

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

Sec. 487.1059. ASSISTANCE FOR GRANTEES. The office shall provide grantees awarded a grant under the program access to curriculum materials created under Section 487.953, in particular materials that are designed to develop:

(1) leadership ethics;

(2) active citizenship;

(3) a sense of personal responsibility;

(4) critical thinking skills;

(5) decision-making skills;

(6) problem-solving skills; and

(7) negotiation skills.

Sec. 487.1060. OTHER FUNDING SOURCES REQUIRED. Up to 50 percent of a proposed project's budget must be derived from a source

other than the award of a grant or other incentive from the office,
as determined by the office.

Sec. 487.1061. LIMIT ON ADMINISTRATIVE EXPENSES. A grantee
may not spend grant money for more than 15 percent of a proposed
project's administrative costs.

Sec. 487.1062. REPORTING REQUIREMENT. The office must
include the following information regarding the program in its
biennial report to the legislature under Section 487.056:

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

(2) the geographical distribution of grants awarded;
and

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

SUBCHAPTER X. RURAL WEALTH CREATION AND RETENTION PROGRAM

Sec. 487.1101. DEFINITION. In this subchapter, "program"
means the rural wealth creation and retention program.

Sec. 487.1102. RURAL WEALTH CREATION AND RETENTION PROGRAM.
The office shall create a rural wealth creation and retention
program to assist rural communities in:

(1) identifying community wealth;

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

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

Sec. 487.1103. CONTRACT FOR SERVICES. (a) The office may

1 contract with other entities to provide services under the program.

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

5 Sec. 487.1104. SUPPORT SERVICES. The office, or a
6 contracting entity under Section 487.1103, may provide support
7 services for the implementation of the program, including financial
8 management, strategic development, and education training.

9 Sec. 487.1105. FEE. The office, or a contracting entity
10 under Section 487.1103, may charge a fee for services provided
11 under the program. The amount of the fee shall be determined by the
12 office.

13 SECTION 4. Not later than March 1, 2010, the board of the
14 Office of Rural Community Affairs shall adopt any necessary rules
15 for the fund established under Subchapter R, Chapter 487,
16 Government Code, as added by this Act, and the programs established
17 under Subchapters S through X, Chapter 487, Government Code, as
18 added by this Act.

19 SECTION 5. Implementation of the programs established under
20 Subchapters S through X, Chapter 487, Government Code, as added by
21 this Act, is contingent on appropriation of funding by the
22 legislature.

23 SECTION 6. 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, 2009.