

BILL ANALYSIS

C.S.H.B. 2994
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Agriculture & Livestock
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Although Texas leads almost every other state in terms of agricultural production, it lags behind in terms of technological advancements in urban agriculture. According to some sources, the lack of access to affordable fruits, vegetables, whole grains, low-fat milk, and other healthy foods in urban areas has led to the creation of "food deserts" in some parts of the state. With the advancement of technology and an increase of interest in healthier foods, urban farming is gaining traction in Texas as a solution to this problem.

C.S.H.B. 2994 seeks to support efforts to expand urban farming by creating an urban farm microenterprise support program that provides financial assistance to small, owner-operated enterprises that are engaged in research and production of agricultural technology and tools that are intended for use in urban areas. The bill also creates an urban farm microenterprise support program to provide loans to microenterprises through the use of gifts and grants, and an urban farm microenterprise development fund that credits money received and deposited for use by the program.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the board of directors of the Texas Agricultural Finance Authority in SECTION 1 of this bill.

ANALYSIS

C.S.H.B. 2994 amends the Agriculture Code to require the board of directors of the Texas Agricultural Finance Authority to create an urban farm microenterprise support program to provide financial assistance to microenterprises in urban areas inside the boundaries of a municipality with a population of 500,000 or more that are primarily engaged in research into processes and technology related to agricultural production in an urban setting, the production or development of tools or processes for agriculture in a manner suited for an urban setting, or agricultural activities in a manner suited for an urban setting. The bill prohibits state money from being used for purposes of the program. The bill defines "microenterprise" to mean a small business in which the owner operates the enterprise and defines "board" and "urban area."

C.S.H.B. 2994 requires the board, on the receipt of gifts and grants of money as authorized under the bill's provisions, to establish and implement a loan program supporting established and proposed urban farm microenterprises in urban areas by providing loans to expand, modernize, or otherwise improve the established microenterprises and to begin operation of proposed microenterprises. The bill authorizes an applicant applying on behalf of a proposed microenterprise to receive a loan of up to \$25,000 to begin operation of the microenterprise and an applicant applying on behalf of an established microenterprise to receive a loan of up to \$50,000 to expand, modernize, or otherwise improve an established microenterprise. The bill authorizes the board to reserve a portion of the total fund for use in cooperative loan programs established with the participation of other public or private lenders and to accept gifts and grants of money from the federal government, local governments, or private corporations or other

persons for use in making loans under the urban farm microenterprise support program. The bill authorizes the board by rule to provide for the administration by a private or public entity of the loans awarded under the loan program.

C.S.H.B. 2994 establishes the urban farm microenterprise development fund as a fund in the office of the comptroller of public accounts and requires the following money to be deposited to the credit of the fund:

- amounts received by the state for loans made under the urban farm microenterprise support program;
- money received in repayment of loans made under the program; and
- other money received by the board for the program and required by the board to be deposited in the fund.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2994 contains a provision not included in the original prohibiting any state money from being used for purposes of the urban farm microenterprise support program.

C.S.H.B. 2994 differs from the original by requiring the board of directors of the Texas Agricultural Finance Authority, on the receipt of gifts and grants of money, to establish and implement a loan program supporting established and proposed urban farm microenterprises in urban areas by providing loans for specified purposes, whereas the original requires the board to administer such a program.

C.S.H.B. 2994 contains a provision not included in the original authorizing the board by rule to provide for the administration by a private or public entity of the loans awarded under the loan program.

C.S.H.B. 2994 omits a provision included in the original authorizing the legislature to appropriate money for loans under the urban farm microenterprise support program.

C.S.H.B. 2994, in a provision requiring money from certain sources to be deposited to the credit of the urban farm microenterprise development fund, omits as a source included in the original money appropriated to the board for use for the urban farm microenterprise support program, including for making loans under the program.