

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**April 4, 2011**

**TO:** Honorable Rick Hardcastle, Chair, House Committee on Agriculture & Livestock

**FROM:** John S O'Brien, Director, Legislative Budget Board

**IN RE: HB2994** by Miles (Relating to the creation, operation, and funding of the urban farm microenterprise support program.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2994, As Introduced: a negative impact of (\$931,716) through the biennium ending August 31, 2013.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	(\$469,858)
2013	(\$461,858)
2014	(\$461,858)
2015	(\$461,858)
2016	(\$461,858)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/ (Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>New Other-Urban Farm Microenterprise Development Fund</i>	Probable Savings/ (Cost) from <i>New Other-Urban Farm Microenterprise Development Fund</i>	Change in Number of State Employees from FY 2011
2012	(\$469,858)	\$469,858	(\$469,858)	1.0
2013	(\$461,858)	\$461,858	(\$461,858)	1.0
2014	(\$461,858)	\$461,858	(\$461,858)	1.0
2015	(\$461,858)	\$461,858	(\$461,858)	1.0
2016	(\$461,858)	\$461,858	(\$461,858)	1.0

**Fiscal Analysis**

The bill would create the Urban Farm Microenterprise Support Program within the Texas Agricultural Finance Authority (TAFA) to provide financial assistance to microenterprises for farms in urban areas.

The bill would create the Urban Farm Microenterprise Support Program Loan within TAFA to support 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 loan would be up to \$25,000 to begin a microenterprise operation and up to \$50,000 to expand, modernize, or otherwise improve an established operation.

The bill would create the Urban Farm Microenterprise Development Fund.

The bill would take effect September 1, 2011.

### **Methodology**

The bill specifies the limits of loans provided by through the Urban Farm Microenterprise Loan as \$25,000 to begin an eligible microenterprise and \$50,000 to expand, modernize, or otherwise improve an established eligible operation. For the purpose of this analysis, five loans are anticipated to be provided in each fiscal year to startup enterprises and five loans are anticipated to be provided in each fiscal year to established operations. Therefore it is anticipated that \$375,000 would be provided in loans in each fiscal year.

It is anticipated that TDA would need one additional FTE to assist in the administration of the Urban Farm Microenterprise Support Program. The annual salary for the position would be \$60,750, with estimated annual benefits costs of \$16,925. Related travel, equipment, and other operating expenses are estimated to be \$17,183 in fiscal year 2012 and \$9,183 in subsequent years.

For purposes of this analysis, it is assumed that General Revenue would be appropriated and transferred to the Urban Farm Microenterprise Development Fund for the purposes of administering the Urban Farm Microenterprise Loan Program. As loan repayments are received, funding would be deposited to the credit of the Urban Farm Microenterprise Development Fund, but this analysis makes no assumption regarding the amount of loan repayments that would be received.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

### **Technology**

The cost for computer equipment, software, and data center services would be \$4,700 in fiscal year 2012 and \$1,200 in subsequent years.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 551 Department of Agriculture

**LBB Staff:** JOB, SZ, ZS, AH