

## **BILL ANALYSIS**

Senate Research Center

S.B. 1214  
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Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

S.B. 1214 makes several enhancements to the Texas Department of Agriculture's (TDA) economic development programs. The bill clarifies TDA's authority to seek funding from other sources to further economic development in the state. The bill establishes a mechanism for returns earned from a federal economic development program to be deposited for use in accordance with TDA's agreement with the United States Department of the Treasury. Other funding such as grants or gifts may be deposited into this account.

The bill allows communities in the certified retirement community (CRC) program to determine the most valuable assistance when promoting their communities by working with TDA to establish them by rule. The CRC application process is simplified so that communities are not required to pay to join the program until they have been approved.

Lastly, the bill cleans up outdated sections of the Texas Agriculture Finance Authority (TAFA) statute and gives the TAFA board the flexibility to request or require a statement from a loan officer that a loan guarantee is necessary for approval of the loan application.

S.B. 1214 amends current law relating to certain economic development programs administered by the Texas Department of Agriculture.

### **RULEMAKING AUTHORITY**

Rulemaking authority previously granted to the Texas Department of Agriculture (TDA) is modified in SECTION 1 (Section 12.027, Agriculture Code) of this bill.

Rulemaking authority is expressly granted to TDA in SECTION 3 (Section 12.040, Agriculture Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 12.027, Agriculture Code, by amending Subsections (b) and (d) and adding Subsection (g), as follows:

(b) Changes a reference to the Texas Department of Economic Development to the Texas Economic Development and Tourism Office, and changes a reference to the Texas Agricultural Extension Service to the Texas AgriLife Extension Service.

(d) Authorizes the Department of Agriculture (TDA) by rule to charge a membership fee to a participant, rather than each participant, in the economic development program (program).

(g) Authorizes TDA, in addition to TDA's authority under Subsection (a) (requiring TDA to maintain a program for rural areas in this state), to request, accept, and use any gift, grant, loan, donation, aid, appropriation, guaranty, allocation, subsidy, or contribution of any item of value to further a program in this state.

SECTION 2. Amends Chapter 12, Agriculture Code, by adding Section 12.0272, as follows:

Sec. 12.0272. TEXAS ECONOMIC DEVELOPMENT FUND. (a) Provides that the Texas economic development fund (fund) is a fund in the state treasury. Provides that the fund consists of:

(1) all interest, income, revenue, and other assets associated with programs established using money allocated and paid to TDA under the August 15, 2011, allocation agreement between TDA and the United States Department of the Treasury, as amended, to implement the State Small Business Credit Initiative Act of 2010 (12 U.S.C. Section 5701 et seq.);

(2) all money, deposits, distributions, dividends, earnings, gain, income, interest, proceeds, profits, program income, rents, returns of capital, returns on investments, royalties, revenue, or yields received or realized by TDA as a result of an investment made by or on behalf of TDA pursuant to the August 15, 2011, allocation agreement between TDA and the United States Department of the Treasury, as amended;

(3) gifts, loans, donations, aid, appropriations, guaranties, allocations, subsidies, grants, or contributions received under Section 12.027(g);

(4) interest and income earned on the investment of money in the fund; and

(5) other money required by law to be deposited in the fund.

(b) Authorizes money in the fund to be appropriated only to TDA for the purpose of administering, establishing, implementing, or maintaining a program under this section; dedicates money in the fund; and authorizes it to be used only for the administration, establishment, implementation, or maintenance of one or more of TDA's programs.

(c) Exempts the fund from Section 403.095 (Use of Dedicated Revenue), Government Code.

SECTION 3. Amends Sections 12.040(d) and (g), Agriculture Code, as follows:

(d) Requires a Texas certified retirement community (community), to be eligible to be a community, to take certain actions, including to submit to TDA a fee, rather than an application fee, in an amount equal to the greater of \$5,000 or \$0.25, multiplied by the population of the community, as determined by the most recent census.

(g) Requires TDA, if TDA finds that a community successfully meets requirements of a community, not later than the 90th day after the application is submitted and approved, to provide assistance to the community as determined by TDA rule, rather than to provide certain assistance as set forth herein.

SECTION 4. Amends Section 44.007(a), Agriculture Code, to require the board of directors (board) of the Texas Agricultural Finance Authority (TAFA) to establish an interest rate reduction program to foster the creation and expansion of enterprises based on agriculture in this state or the development or expansion of businesses in rural areas of this state.

SECTION 5. Amends Section 58.022, Agriculture Code, to provide that TAFA has certain powers, including the power to exercise all powers given to a corporation under Chapter 22 (Nonprofit Corporations), Business Organizations Code, rather than a corporation under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., V.T.C.S.), to the extent not inconsistent with this chapter.

SECTION 6. Amends Section 58.053(a), Agriculture Code, to require an eligible applicant's documentation for an agricultural loan guarantee program to include certain components for the review by the board of TAFA, including the signed statement of a loan officer of the commercial

lender that a loan guarantee is requested, rather than required, for approval of the loan application.

SECTION 7. Amends the heading to Section 502.404, Transportation Code, to read as follows:

Sec. 502.404. VOLUNTARY ASSESSMENT FOR TEXAS AGRICULTURAL FINANCE AUTHORITY.

SECTION 8. Repealer: Section 12.040(f) (relating to requiring TDA to consult with the Texas Department of Rural Affairs to establish parameters for certification of rural communities under this section), Agriculture Code.

SECTION 9. Effective date: upon passage or September 1, 2013.