

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

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 16, 2013**

**TO:** Honorable Tracy O. King, Chair, House Committee on Agriculture & Livestock

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2048** by Lozano (Relating to the establishment of the Texas Rural Development Fund and to the establishment, operation, and funding of certain programs for rural economic development.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2048, As Introduced: a negative impact of (\$4,434,069) through the biennium ending August 31, 2015.

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
2014	(\$2,248,726)
2015	(\$2,185,343)
2016	(\$1,875,000)
2017	(\$1,875,000)
2018	(\$1,875,000)

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

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from New General Revenue Dedicated-Texas Rural Development Fund	Probable Savings/(Cost) from New General Revenue Dedicated-Texas Rural Development Fund	Change in Number of State Employees from FY 2013
2014	(\$2,248,726)	\$2,248,726	(\$2,248,726)	4.0
2015	(\$2,185,343)	\$2,185,343	(\$2,185,343)	4.0
2016	(\$1,875,000)	\$2,182,235	(\$2,182,235)	4.0
2017	(\$1,875,000)	\$2,182,235	(\$2,182,235)	4.0
2018	(\$1,875,000)	\$2,182,235	(\$2,182,235)	4.0

## **Fiscal Analysis**

The bill would amend the Government Code to create a new Texas Rural Development Fund as an account in the General Revenue Fund and would specify how the account could be used. The bill would establish that sources of funding for the newly created account which would include legislative appropriations and any gifts, grants, donations, and matching funds received by the Department of Rural Affairs within the Texas Department of Agriculture (TDA).

The bill would also require TDA to adopt rules necessary to create and operate the following programs; Rural Entrepreneurship and Business Innovation; Rural Area Regional Planning and Implementation Grant; Texas Rural Youth Corps; and Rural Wealth Creation and Retention. The bill would limit uses of the new account to implementing and maintaining programs established by the bill, which would include issuing loans and grants from the account for the purposes of the bill. Additionally, the bill would establish requirements for issuing loans and grants.

The bill would make implementation of the above programs contingent on appropriation of funding by the Legislature and would require TDA to develop rules no later than March 1, 2014.

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.

## **Methodology**

This estimate assumes TDA would administer the fund for loans and grants of \$1,875,000 per year distributed among the various programs named in the bill. Funding for the grants and loans would be provided by General Revenue appropriations made to the new fund.

Based on the information provided by TDA, the agency would require 4.0 FTEs and total administrative costs of \$373,276 in fiscal year 2014 and \$310,343 in fiscal year 2015 to implement the Rural Development programs. Administrative costs consist of the following: annual salary and benefit costs of \$301,896 each fiscal year; travel costs of \$6,487 in fiscal years 2014 and 2015 which would then decrease to \$3,379, beginning in fiscal year 2016; and annual other operating expenses of \$1,960. Additional start up costs that occur in fiscal year 2014 only total \$63,383 and consist primarily of rule-making costs.

Beginning in fiscal year 2016, administrative costs would be funded by loan repayments and any unexpended balances in the new fund. However, it is anticipated that the revenue stream for loan repayments would not be sufficient to provide funding for grants and loans and that funding for grants and loans would continue to be provided by General Revenue appropriations to the new fund.

## **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 300 Trusted Programs Within the Office of the Governor, 304 Comptroller

of Public Accounts, 551 Department of Agriculture

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