

## **BILL ANALYSIS**

C.S.H.B. 2765  
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Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The bill author has informed the committee of the need to expand and modernize the Rural Economic Development and Investment Program to better meet the growing economic development needs of rural areas in Texas, particularly as these areas face infrastructure gaps and limited access to capital for economic growth projects, and to address the limited availability of financial assistance for rural counties and communities to support projects that attract private investment, develop infrastructure, and create jobs. The bill author has also informed the committee that current eligibility and funding structures do not fully accommodate the needs of larger rural counties or entities engaged in infrastructure and economic development efforts. C.S.H.B. 2765 seeks to address these issues by expanding the entities eligible for financial assistance under the program and the projects eligible for such assistance.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Department of Agriculture in SECTION 3 of this bill.

### **ANALYSIS**

C.S.H.B. 2765 amends the Agriculture Code to revise provisions governing the Rural Economic Development and Investment Program and the Texas Economic Development Fund.

#### **Rural Economic Development and Investment Program**

C.S.H.B. 2765 expands eligibility for financial assistance under the Rural Economic Development and Investment Program by doing the following:

- raising from 75,000 to 200,000 the maximum population threshold of an eligible county;
- including the following as eligible entities:
  - a public utility owned by an eligible municipality; and
  - a political subdivision other than an eligible county or municipality, including a special district, that is wholly or partly located in an eligible county; and
- extending eligibility to any lender that primarily represents an eligible county or municipality, in addition to economic development corporations and community development financial institutions that provide such representation, which are eligible under current law.

With respect to the existing authorization to use the financial assistance for a project relating to attracting new private enterprises to the county or municipality, the bill specifies that such enterprises include mineral extraction activities. For this purpose, "mineral extraction activities"

is defined by reference to include exploring, extracting, processing, transporting, or wholesale selling or trading of elemental minerals or associated metal alloys or oxides (ore), including gold, copper, chromium, chromite, diamonds, iron, iron ore, silver, tungsten, uranium, and zinc, as well as facilitating those activities, including by providing supplies or services in support of those activities.

### **Texas Economic Development Fund**

C.S.H.B. 2765 makes a clarifying update to the provision specifying the purposes for which money in the Texas Economic Development Fund is dedicated. Current law specifies that such money may be appropriated only to the Department of Agriculture (TDA) for purposes of both:

- an economic development program originally established as part of TDA's implementation of the State Small Business Credit Initiative; and
- one or more of certain rural economic development programs.

The bill specifies instead that such money may be appropriated only to TDA for purposes of that initiative-related program or one or more of those rural programs.

C.S.H.B. 2765 makes the following changes relating to loans and grants made using money from the Texas Economic Development Fund:

- removes the requirement that a loan require monthly payments of principal and interest beginning not later than the 90th day after the date the loan is made;
- authorizes TDA to adopt rules for the repayment of a loan or grant;
- authorizes TDA to use any money in the fund to make additional loans and grants, subject to the statutory minimum amount of money required to be retained in the fund; and
- makes the existing \$1 million cap on the cumulative amount of loans and grants to any person applicable only to the cumulative amount of grants but adds a \$1 million cap on the maximum aggregate amount of outstanding loans to any one person at any time.

These provisions of the bill apply only to a loan or grant made on or after the bill's effective date.

### **EFFECTIVE DATE**

September 1, 2025.

### **COMPARISON OF INTRODUCED AND SUBSTITUTE**

While C.S.H.B. 2765 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute omits the provision from the introduced that included a project relating to the construction, extension, or other improvement of energy generation, transmission, and distribution facilities as a type of project for which financial assistance under the Rural Economic Development and Investment Program may be used.