

By: Kitzman

H.B. No. 43

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the Texas Agricultural Finance Authority and to a study  
3 and report on plant diseases and pest outbreaks.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 58.012, Agriculture Code, is amended by  
6 amending Subsections (a) and (b) to read as follows:

7 (a) The authority is governed by a board of directors  
8 composed of the commissioner of agriculture [~~the director of the~~  
9 ~~Institute for International Agribusiness Studies at Prairie View~~  
10 ~~A&M University,~~] and six [~~nine~~] members appointed by the  
11 commissioner. Members of the board must be appointed in the numbers  
12 specified and from the following categories:

13 (1) one person who is an elected or appointed official  
14 of a municipality or county;

15 (2) two [~~four~~] persons who are knowledgeable about  
16 agricultural lending practices;

17 (3) one person who is a representative of agricultural  
18 businesses;

19 (4) one person who is a representative of agriculture  
20 related entities, including rural chambers of commerce,  
21 foundations, trade associations, institutions of higher education,  
22 or other entities involved in agricultural matters; and

23 (5) one person [~~two persons~~] who represents  
24 [~~represent~~] young farmers and the interests of young farmers.

1           (b) The appointed members of the board serve staggered terms  
2 of two years, with the terms of three [~~four~~] members expiring on  
3 January 1 of each even-numbered year and the terms of three [~~five~~]  
4 members expiring on January 1 of each odd-numbered year.

5           SECTION 2. Section 58.016(d), Agriculture Code, is amended  
6 to read as follows:

7           (d) On or before January 1 of each year, the authority shall  
8 prepare a report of its activities, including revenues and  
9 expenditures relating to each program administered by the board,  
10 for the preceding fiscal year. The report must set forth a complete  
11 operating and financial statement. The report must be submitted to  
12 the Legislative Budget Board.

13           SECTION 3. Section 58.021, Agriculture Code, is amended by  
14 amending Subsections (a) through (c) to read as follows:

15           (a) In order to promote the expansion, development, and  
16 diversification of production, processing, marketing, and export  
17 of Texas agricultural products and to promote the development of  
18 rural businesses, the authority shall design and implement programs  
19 to provide financial assistance to eligible agricultural  
20 businesses, including programs:

21                   (1) to make or acquire loans to eligible agricultural  
22 businesses;

23                   (2) to make or acquire loans to lenders to enable those  
24 lenders to make loans to eligible agricultural businesses;

25                   (3) to insure, coinsure, and reinsure, in whole or in  
26 part, loans to eligible agricultural businesses;

27                   (4) to guarantee, in whole or in part, loans to

1 eligible agricultural businesses; ~~and~~

2 (5) to administer or participate in programs  
3 established by another person to provide financial assistance to  
4 eligible agricultural businesses; and

5 (6) to administer or participate in programs with  
6 other state entities that study issues impacting agricultural  
7 producers, such as plant diseases and pest outbreaks.

8 (b) The authority's programs shall be designed and  
9 implemented to provide financial assistance to enable eligible  
10 agricultural businesses or state agencies to finance or refinance  
11 costs incurred in connection with the development, increase,  
12 improvement, or expansion of production, processing, marketing, or  
13 export of Texas agricultural products and for the development of  
14 rural agriculture-related businesses, including but not limited to  
15 the costs of:

16 (1) acquisition of and improvements to land or  
17 interests in land;

18 (2) acquisition, construction, rehabilitation,  
19 operation, and maintenance of buildings, improvements, and  
20 structures;

21 (3) site preparations;

22 (4) architectural, engineering, legal, and related  
23 services;

24 (5) acquisition, installation, rehabilitation,  
25 operation, and maintenance of machinery, equipment, furnishings,  
26 and facilities;

27 (6) acquisition, processing, or distribution of

1 inventory;

2 (7) research and development;

3 (8) financing fees and charges;

4 (9) interest during acquisition or construction;

5 (10) necessary reserve fund;

6 (11) acquisition of licenses, permits, and approvals  
7 from any governmental entity;

8 (12) pre-export and export expenses; and

9 (13) insect eradication and suppression programs.

10 (c) ~~[Except as otherwise provided by this subsection, the~~  
11 ~~maximum aggregate amount of loans made to or guaranteed, insured,~~  
12 ~~coinsured, or reinsured under this subchapter for a single eligible~~  
13 ~~agricultural business by the authority from funds provided by the~~  
14 ~~authority is \$2 million. The authority may make, guarantee,~~  
15 ~~insure, coinsure, or reinsure a loan for a single eligible~~  
16 ~~agricultural business that results in an aggregate amount exceeding~~  
17 ~~\$2 million, but not exceeding \$5 million, if the action is approved~~  
18 ~~by a two-thirds vote of the board members present.]~~ The authority  
19 may make, guarantee, participate in, insure, coinsure, or reinsure  
20 loans to the entity designated to carry out boll weevil eradication  
21 in accordance with Section [74.1011](#) in an amount approved by the  
22 board to enable that entity to execute Subchapter [D](#), Chapter [74](#).  
23 The authority may issue an obligation on behalf of, or make,  
24 guarantee, participate in, insure, coinsure, or reinsure loans to,  
25 a state agency or an institution of higher education for the purpose  
26 of the development, improvement, or expansion of an agricultural  
27 product or an agriculture-related business in an amount approved by

1 the board. The authority may make, guarantee, participate in,  
2 insure, coinsure, or reinsure loans to an eligible agricultural  
3 business from the proceeds of revenue bonds issued in accordance  
4 with Section 58.033 in an amount approved by the board.

5 SECTION 4. The heading to Subchapter F, Chapter 58,  
6 Agriculture Code, is amended to read as follows:

7 SUBCHAPTER F. [~~YOUNG~~] FARMER INTEREST RATE REDUCTION PROGRAM

8 SECTION 5. Section 58.071, Agriculture Code, is amended to  
9 read as follows:

10 Sec. 58.071. DEFINITIONS. In this subchapter:

11 (1) "Eligible lending institution" means a financial  
12 institution that makes commercial loans, is either a depository of  
13 state funds or an institution of the Farm Credit System  
14 [~~headquartered in this state,~~] and agrees to participate in the  
15 [~~young~~] farmer interest rate reduction program and to provide  
16 collateral equal to the amount of linked deposits placed with it.

17 (2) "Linked deposit" means a time deposit governed by  
18 a written deposit agreement between the state and an eligible  
19 lending institution that provides:

20 (A) that the eligible lending institution pay  
21 interest on the deposit at a rate that is not less than the greater  
22 of:

23 (i) the current market rate of a United  
24 States treasury bill or note of comparable maturity minus three  
25 percent; or

26 (ii) 0.5 percent;

27 (B) that the state not withdraw any part of the

1 deposit before the expiration of a period set by a written advance  
2 notice of the intention to withdraw; and

3 (C) that the eligible lending institution agree  
4 to lend the value of the deposit to an eligible borrower at a  
5 maximum rate that is the linked deposit rate plus a maximum of one  
6 [~~four~~] percent.

7 SECTION 6. The heading to Section 58.072, Agriculture Code,  
8 is amended to read as follows:

9 Sec. 58.072. [~~YOUNG~~] FARMER INTEREST RATE REDUCTION  
10 PROGRAM.

11 SECTION 7. Section 58.072, Agriculture Code, is amended by  
12 amending Subsections (a), (b), (d), (e), (k), (m), and (n) to read  
13 as follows:

14 (a) The board shall establish a [~~young~~] farmer interest rate  
15 reduction program to promote the creation and expansion of  
16 agricultural businesses by [~~young~~] people in this state.

17 (b) The board shall accept applications on a biennial basis  
18 [~~To be eligible to participate in the young farmer interest rate~~  
19 ~~reduction program, an applicant must be at least 18 years of age but~~  
20 ~~younger than 46 years of age~~].

21 (d) The board shall adopt rules for the loan portion of the  
22 [~~young~~] farmer interest rate reduction program.

23 (e) In order to participate in the [~~young~~] farmer interest  
24 rate reduction program, an eligible lending institution may solicit  
25 loan applications from eligible applicants.

26 (k) If a lending institution holding linked deposits ceases  
27 to be either a state depository or a Farm Credit System institution

1 [~~headquartered in this state,~~] the comptroller may withdraw the  
2 linked deposits.

3 (m) A lending institution is not ineligible to participate  
4 in the [~~young~~] farmer interest rate reduction program solely  
5 because a member of the board is also an officer, director, or  
6 employee of the lending institution, provided that a board member  
7 shall recuse himself or herself from any action taken by the board  
8 on an application involving a lending institution by which the  
9 board member is employed or for which the board member serves as an  
10 officer or director.

11 (n) Linked deposits under the [~~young~~] farmer interest rate  
12 reduction program shall be funded from the Texas agricultural fund.

13 SECTION 8. Section 58.075(a), Agriculture Code, is amended  
14 to read as follows:

15 (a) The maximum amount of a loan under this subchapter is \$1  
16 million [~~\$500,000~~].

17 SECTION 9. The heading to Subchapter G, Chapter 58,  
18 Agriculture Code, is amended to read as follows:

19 SUBCHAPTER G. AGRICULTURE [~~YOUNG FARMER~~] GRANT PROGRAM

20 SECTION 10. Section 58.091(a), Agriculture Code, is amended  
21 to read as follows:

22 (a) The authority shall administer an agriculture [~~a young~~  
23 ~~farmer~~] grant program. A grant must be for the purpose of  
24 maintaining agricultural businesses, supply chain resiliency, or  
25 fostering the creation and expansion of agricultural businesses by  
26 people in this state.

27 SECTION 11. Section 58.092, Agriculture Code, is amended to

1 read as follows:

2 Sec. 58.092. ELIGIBILITY. To be eligible to receive a grant  
3 under this subchapter, a person must:

4 (1) be an agricultural business or producer [~~who is at~~  
5 ~~least 18 years of age but younger than 46 years of age~~]; and

6 (2) provide matching funds in the amount of not less  
7 than ten percent [~~one dollar for each dollar~~] of the grant money  
8 received.

9 SECTION 12. Section 58.093, Agriculture Code, is amended to  
10 read as follows:

11 Sec. 58.093. AMOUNT OF GRANTS. A grant under the  
12 agriculture [~~young farmer~~] grant program may not be less than  
13 \$5,000 or more than \$500,000 [~~\$20,000~~].

14 SECTION 13. Section 58.095, Agriculture Code, is amended to  
15 read as follows:

16 Sec. 58.095. FUNDING. The source of funds for the  
17 agriculture [~~young farmer~~] grant program is the Texas agricultural  
18 fund.

19 SECTION 14. Chapter 58, Agriculture Code, is amended by  
20 adding Subchapter H to read as follows:

21 SUBCHAPTER H. MISCELLANEOUS PROVISIONS

22 Sec. 58.100. DEFINITIONS. In this subchapter:

23 (1) "Agency" means the Texas Department of  
24 Agriculture.

25 (2) "Commission" means the Texas Animal Health  
26 Commission.

27 (3) "Extension" means the Texas A&M AgriLife Extension



1 Service.

2 Sec. 58.101. REPORT ON DISEASES AND PESTS. (a) The agency  
3 shall partner with the extension or the commission, as appropriate,  
4 to annually conduct a study of each existing or emerging, plant  
5 disease and pest outbreaks in this state.

6 (b) In conducting the study under Subsection (a), the  
7 extension or the commission shall determine for each outbreak of a  
8 plant disease or pest:

9 (1) the duration of the outbreak;

10 (2) how the outbreak was resolved, if applicable; and

11 (3) any other information the extension service  
12 determines is relevant.

13 (c) Not later than January 1 of each year, the extension  
14 shall prepare and publish on the extension's Internet website a  
15 report of the previous year's study conducted under this section.

16 (d) Not later than January 1, 2028, the extension shall  
17 prepare and publish on the extension's Internet website a report  
18 summarizing each annual report published under Subsection (c) and  
19 providing policy recommendations to address outbreaks of plant  
20 diseases and pests. The extension shall provide the report to the  
21 Legislative Budget Board.

22 (e) This section expires January 31, 2028.

23 SECTION 15. This Act takes effect immediately if it  
24 receives a vote of two-thirds of all the members elected to each  
25 house, as provided by Section 39, Article III, Texas Constitution.  
26 If this Act does not receive the vote necessary for immediate  
27 effect, this Act takes effect September 1, 2025.