

1-1 By: Kitzman, et al. (Senate Sponsor - Sparks , et al.) H.B. No. 43
1-2 (In the Senate - Received from the House April 23, 2025;
1-3 April 24, 2025, read first time and referred to Committee on Water,
1-4 Agriculture and Rural Affairs; May 20, 2025, reported adversely,
1-5 with favorable Committee Substitute by the following vote: Yeas 8,
1-6 Nays 0; May 20, 2025, sent to printer.)

1-7	COMMITTEE VOTE				
1-8		Yea	Nay	Absent	PNV
1-9	Perry	X			
1-10	Hancock	X			
1-11	Birdwell			X	
1-12	Blanco	X			
1-13	Gutierrez	X			
1-14	Hinojosa of Nueces	X			
1-15	Johnson	X			
1-16	Kolkhorst	X			
1-17	Sparks	X			

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 43 By: Hancock

1-19 A BILL TO BE ENTITLED
1-20 AN ACT

1-21 relating to the Texas Agricultural Finance Authority and certain
1-22 programs administered by the authority.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Section 58.002(1), Agriculture Code, is amended
1-25 to read as follows:

1-26 (1) "Agricultural business" means:

1-27 (A) a business that is or proposes to be engaged
1-28 in producing, processing, marketing, or exporting an agricultural
1-29 product;

1-30 (B) an eligible applicant as defined in
1-31 Subchapter E;

1-32 (C) the entity designated to carry out boll
1-33 weevil eradication in accordance with Section 74.1011;

1-34 (D) any agriculture-related business in rural
1-35 areas of Texas ~~[including a business that provides recreational~~
1-36 ~~activities, including hiking, fishing, hunting, or any other~~
1-37 ~~activity associated with the enjoyment of nature or the outdoors on~~
1-38 ~~agricultural land];~~

1-39 (E) a state agency or an institution of higher
1-40 education that is engaged in producing an agricultural product; or

1-41 (F) a nonprofit organization whose primary
1-42 purpose is to maintain the agricultural use of land ~~[a business that~~
1-43 ~~holds a permit under Subchapter L, Chapter 43, Parks and Wildlife~~
1-44 ~~Code, or~~

1-45 ~~[(C) any other business in a rural area of this~~
1-46 ~~state].~~

1-47 SECTION 2. Sections 58.012(a), (b), (c), and (g),
1-48 Agriculture Code, are amended to read as follows:

1-49 (a) The authority is governed by a board of directors
1-50 composed of the following nine members:

1-51 (1) the commissioner of agriculture;

1-52 (2) two members appointed by the commissioner who are
1-53 knowledgeable about agricultural lending practices; and

1-54 (3) ~~six[, the director of the Institute for~~
1-55 ~~International Agribusiness Studies at Prairie View A&M University,~~
1-56 ~~and nine]~~ members appointed by the governor ~~[commissioner.~~
1-57 ~~Members of the board must be appointed in the numbers specified and]~~
1-58 from the following categories:

1-59 (A) two persons who are representatives ~~[(1) one~~
1-60 ~~person who is an elected or appointed official of a municipality or~~

county,

~~[(2) four persons who are knowledgeable about agricultural lending practices;~~

~~[(3) one person who is a representative of agricultural businesses;~~

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

(B) ~~[(4)]~~ two persons who represent young farmers or ranchers and the interests of young farmers or ranchers; and

(C) two persons who each operate a family farm or ranch in this state.

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

(c) Any vacancy occurring in an appointed position on the board shall be filled ~~[by the commissioner]~~ for the unexpired term in the same manner as provided for the appointment of the position.

(g) Notwithstanding Subsection (f), age may be considered by the commissioner in making appointments under Subsection (a)(3)(B) ~~[(a)(5)]~~.

SECTION 3. Sections 58.016(b) and (d), Agriculture Code, are amended to read as follows:

(b) On or before August 1 of each year, the administrator shall file with the board the proposed annual budgets for the agricultural ~~[young farmer]~~ loan guarantee program under Subchapter E, the farm and ranch finance program under Chapter 59, and the programs administered by the board under this chapter for the succeeding fiscal year. If there is no administrator, the commissioner shall assume the duties of the administrator in connection with preparation of the budget. The budget must set forth the general categories of expected expenditures out of revenues and income of the funds administered by the authority and the amount on account of each. On or before September 1 of each year, the board shall consider the proposed annual budget and may approve it or amend it. If for any reason the authority does not adopt an annual budget before September 2, no expenditures may be made from the funds until the board approves the annual budget. The authority may adopt an amended annual budget for the current fiscal year.

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

SECTION 4. Section 58.021, Agriculture Code, is amended by amending Subsections (c) and (d) and adding Subsection (e) to read as follows:

(c) ~~[Except as otherwise provided by this subsection, the maximum aggregate amount of loans made to or guaranteed, insured, coinsured, or reinsured under this subchapter for a single eligible agricultural business by the authority from funds provided by the authority is \$2 million. The authority may make, guarantee, insure, coinsure, or reinsure a loan for a single eligible agricultural business that results in an aggregate amount exceeding \$2 million, but not exceeding \$5 million, if the action is approved by a two-thirds vote of the board members present.]~~ The authority may make, guarantee, participate in, insure, coinsure, or reinsure loans to the entity designated to carry out boll weevil eradication in accordance with Section 74.1011 in an amount approved by the board to enable that entity to execute Subchapter D, Chapter 74. The authority may issue an obligation on behalf of, or make, guarantee, participate in, insure, coinsure, or reinsure loans to, a state agency or an institution of higher education for the purpose

of the development, improvement, or expansion of an agricultural product or an agriculture-related business in an amount approved by the board. The authority may make, guarantee, participate in, insure, coinsure, or reinsure loans to an eligible agricultural business from the proceeds of revenue bonds issued in accordance with Section 58.033 in an amount approved by the board.

(d) Notwithstanding any other provision of this section, the authority may also design and implement programs to:

(1) further agriculture-related rural economic development; and

(2) reduce the amount of interest paid on loans approved by the authority.

(e) The authority may provide financial assistance to the Texas Animal Health Commission, Texas A&M AgriLife Extension Service, or Texas A&M AgriLife Research to design and implement programs to control agriculture-related diseases, pests, or depredating animals under Subchapter H.

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

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

SECTION 6. Sections 58.071(1) and (2), Agriculture Code, are amended to read as follows:

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

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

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

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

(ii) 0.5 percent;

(B) that the state not withdraw any part of the deposit before the expiration of a period set by a written advance notice of the intention to withdraw; and

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

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

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

SECTION 8. Sections 58.072(a), (b), (d), (e), (k), (m), and (n), Agriculture Code, are amended to read as follows:

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

~~(b) The board may disperse a loan under the [To be eligible to participate in the young] farmer interest rate reduction program quarterly, annually, or biennially, or on another disbursement schedule, as determined by the board after considering the needs of the recipient[, an applicant must be at least 18 years of age but younger than 46 years of age].~~

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

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

(k) If a lending institution holding linked deposits ceases to be either a state depository or a Farm Credit System institution ~~[headquartered in this state]~~, the comptroller may withdraw the linked deposits.

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

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

SECTION 9. Section 58.075(a), Agriculture Code, is amended to read as follows:

(a) The maximum amount of a loan under this subchapter is \$750,000 ~~[\$500,000]~~.

SECTION 10. The heading to Subchapter G, Chapter 58, Agriculture Code, is amended to read as follows:

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

SECTION 11. Section 58.091(a), Agriculture Code, is amended to read as follows:

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

SECTION 12. Section 58.092, Agriculture Code, is amended to read as follows:

Sec. 58.092. ELIGIBILITY. To be eligible to receive a grant under this subchapter, an applicant ~~[a person]~~ must:

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

(2) provide matching funds in an ~~[the]~~ amount ~~[of]~~ not less than 10 percent ~~[one dollar for each dollar]~~ of the grant money received.

SECTION 13. Section 58.093, Agriculture Code, is amended to read as follows:

Sec. 58.093. AMOUNT OF GRANTS. A grant under the agriculture ~~[young farmer]~~ grant program may not be less than \$5,000 or more than \$100,000 ~~[\$20,000]~~.

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

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

SECTION 15. Chapter 58, Agriculture Code, is amended by adding Subchapter H to read as follows:

SUBCHAPTER H. PEST AND DISEASE CONTROL AND DEPREDATION PROGRAM

Sec. 58.101. PEST AND DISEASE CONTROL AND DEPREDATION PROGRAM. (a) The authority shall provide financial assistance to the Texas Animal Health Commission, Texas A&M AgriLife Extension Service, or Texas A&M AgriLife Research to implement programs to control agriculture-related pests, diseases, or depredating animals.

(b) A program implemented under this section must be designed to mitigate agricultural losses by an agricultural business through the control of agriculture-related pests, diseases, or depredating animals.

Sec. 58.102. APPLICATIONS. The Texas Animal Health Commission, Texas A&M AgriLife Extension Service, or Texas A&M AgriLife Research shall submit an application to receive financial assistance under this subchapter on a form approved by the board or the board's designee.

Sec. 58.103. FUNDING. The source of funds for the financial assistance program under this subchapter is the Texas agricultural fund.

Sec. 58.104. RULES. The board shall adopt rules to implement this subchapter, including rules governing the operation of the program.

SECTION 16. The changes in law made by this Act in the

5-1 qualifications of members of the board of directors of the Texas
5-2 Agricultural Finance Authority do not affect the entitlement of a
5-3 member serving on the board immediately before the effective date
5-4 of this Act to continue to carry out the board's functions for the
5-5 remainder of the member's term. The changes in law apply only to a
5-6 member appointed on or after the effective date of this Act. This
5-7 Act does not prohibit a person who is a member of the board on the
5-8 effective date of this Act from being reappointed to the board if
5-9 the person has the qualifications required for a member under
5-10 Section 58.012, Agriculture Code, as amended by this Act.

5-11 SECTION 17. The Texas Agricultural Finance Authority is
5-12 required to make a loan or a grant under Section 58.075 or 58.093,
5-13 Agriculture Code, as amended by this Act, only if the legislature
5-14 appropriates money specifically for that purpose. If the
5-15 legislature does not appropriate money for that purpose, the Texas
5-16 Agricultural Finance Authority may, but is not required to, make a
5-17 loan or a grant under Section 58.075 or 58.093, Agriculture Code, as
5-18 amended by this Act, using other money available for that purpose.

5-19 SECTION 18. As soon as is practicable after the effective
5-20 date of this Act, the commissioner of agriculture shall adopt rules
5-21 to implement Chapter 58, Agriculture Code, as amended by this Act,
5-22 including rules to implement the pest and disease control and
5-23 depredation program established under Subchapter H, Chapter 58,
5-24 Agriculture Code, as added by this Act.

5-25 SECTION 19. (a) Except as provided by Subsection (b) of
5-26 this section, this Act takes effect immediately if it receives a
5-27 vote of two-thirds of all the members elected to each house, as
5-28 provided by Section 39, Article III, Texas Constitution. If this
5-29 Act does not receive the vote necessary for immediate effect, this
5-30 Act takes effect September 1, 2025.

5-31 (b) Sections 58.075(a) and 58.093, Agriculture Code, as
5-32 amended by this Act and Section 17 of this Act take effect September
5-33 1, 2027.

5-34 * * * * *