

By: Gutierrez

S.B. No. 2875

A BILL TO BE ENTITLED

AN ACT

relating to the creation of the Texas Small Farm Recovery Microloan Program.

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

SECTION 1. Chapter 12, Texas Agriculture Code, is amended by adding new sections 12.101 to read as follows:

Sec. 12.101. DEFINITIONS. (a) In this section:

(1) "Small Farm" means an agricultural operation located in Texas with annual farm revenue not exceeding \$500,000.

(2) "Economic Hardship" means financial distress due to an economic downturn, natural disaster, or other qualifying circumstances as determined by the department.

(b) The Texas Small Farm Recovery Microloan Program (TSFRMP) is established to provide low-interest microloans to eligible small farms. The department shall oversee the implementation and administration of this program.

(c) To qualify for a loan under this section, an applicant must:

(1) Be the owner or principal operator of a small farm in Texas;

(2) Demonstrate financial hardship;

(3) Engage in agricultural activities, including but not limited to crop production and livestock farming; and

(4) Submit a viable business plan detailing the

1 intended use of funds.

2 (d) Loan amounts shall range from \$5,000 to \$50,000. The
3 interest rate shall not exceed 2 percent fixed annually. The
4 repayment period shall not exceed five years, with an optional
5 grace period of six to 12 months. Collateral requirements shall be
6 flexible and based on available farm assets. Individual loans may
7 be canceled if the borrower demonstrates an inability to repay due
8 to unforeseen financial hardship, subject to an approval process.

9 (e) Loan proceeds may be used for:

10 (1) The purchase of seeds, fertilizers, and livestock
11 feed;

12 (2) Equipment repairs or upgrades;

13 (3) Covering labor costs and farm operations;

14 (4) Recovery efforts following natural disasters or
15 economic emergency; or

16 (5) Marketing and distribution expansion.

17 (f) Applicants must submit an application with supporting
18 documentation, including financial statements and proof of
19 hardship. The department shall review applications within 30 to 60
20 days. Approved applicants shall receive funds in a timely manner.

21 (g) The department shall manage the program in coordination
22 with financial institutions and nonprofit agricultural
23 organizations. The program shall offer technical support and
24 financial literacy training for participants.

25 SECTION 2. This Act takes effect immediately if it receives
26 a vote of two-thirds of all the members elected to each house, as
27 provided by Section 39, Article III, Texas Constitution. If this

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1 Act does not receive the vote necessary for immediate effect, this

2 Act takes effect September 1, 2025.