

BILL ANALYSIS

Senate Research Center

H.B. 993
By: Patterson (Brown)
Natural Resources
4-24-97
Engrossed

DIGEST

The Young Farmer Program was established in 1993 as a direct loan endowment program for people 18 to 39 years of age with four years of practical agricultural experience, who desire to establish their first farming or ranching operation. It is funded by a \$5 fee on farm license tags. In 1995 the program was revised as a loan guarantee program. Currently, about \$5 million is in the young farmer fund and six loans have been made. It is believed that the inactivity of the program may be due to restrictions on the program that have recently been addressed by the Texas Agricultural Finance Authority (governing board within the Texas Department of Agriculture) and that are addressed in this legislation. This bill would increase the maximum Young Farmer Loan Guarantee amount from \$50,000 to \$100,000, delete the requirement that an applicant's plan be a five-year plan, and expand the allowed uses for the loan proceeds.

PURPOSE

As proposed, H.B. 993 increases the maximum Young Farmer Loan Guarantee amount from \$50,000 to \$100,000, deletes the requirement that the plan of an applicant to the Young Farmer Program be a five-year plan, and expands the allowed uses for the loan proceeds.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 235.002, Agriculture Code, to prohibit the guarantee made by the board of directors (board) of the Texas Agricultural Finance Authority from exceeding the lesser of \$100,000, rather than \$50,000, or 90 percent of the total loan amount. Authorizes a loan guarantee recipient to use proceeds from the loan only for working capital for operating a farm or ranch, rather than only for feed, seed, fertilizer, livestock, poultry, farm or ranch equipment, farm or ranch facilities, or leases of farmland or rangeland. Provides that a loan guarantee is voidable by the board under certain conditions.

SECTION 2. Amend Sections 253.003(a) and (c), Agriculture Code, to require an eligible applicant to present to the board, rather than the Department of Agriculture, a plan for the applicant's proposed farm or ranch that has been reviewed and approved by an individual who is a county extension agent-agriculture program leader of the Texas Agricultural Extension Service in the area where the farm or ranch is located. Makes conforming changes.

SECTION 3. Effective date: September 1, 1997.
Makes application of this Act prospective.

SECTION 4. Emergency clause.