

BILL ANALYSIS

Senate Research Center
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S.B. 1988
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Rural communities are vital to the agriculture industry and the state's economy. These communities are facing new economic development opportunities and economic downturns. The federally funded Community Development Block Grant (CDBG) Program is the primary funding source available for rural economic development projects in the state. CDBG funds have decreased 21 percent since 2001 and the CDBG guidelines fail to address Texas's specific needs.

The development of the Texas Rural Investment Fund (fund), a state funded program to complement the federally funded CDBG, would benefit the people and industries in rural Texas. This grant and loan program will be similar to the federal program, but will enhance the opportunities to rural communities and businesses through the development of a Texas-specific program structure. Grants and loans will be made to eligible entities such as cities, counties, and local economic development planning corporations, and innovative workforce development. Projects must demonstrate strong local support and significant return on the state's investment. The review process will consider a variety of factors including job creation and wages, capital investment, financial strength of the applicant, the applicant's business history analysis of the relevant businesses sector, and public and private sector financial support.

As proposed, S.B. 1988 authorizes that the fund be used by the Texas Department of Agriculture only to pay for grants or loans to public or private entities for projects in rural communities that stimulate one or more of certain activities and administer the grant and loan program under Section 12.046 (Texas Rural Investment Fund).

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Department of Agriculture in SECTION 1 (Section 12.046, Agriculture Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 12, Agriculture Code, by adding Section 12.046, as follows:

Sec. 12.046. TEXAS RURAL INVESTMENT FUND. (a) Defines "fund" and "rural community."

(b) Provides that the Texas Rural Investment Fund (fund) is a dedicated account in the general revenue fund and consists of appropriations of money to the fund by the legislature; gifts, grants, including federal grants, and other donations received for the fund; and interest earned on the investment of money in the fund.

(c) Authorizes that the fund be used by the Texas Department of Agriculture (TDA) to pay for grants or loans to public or private entities for projects in rural communities that have strong local support, provide positive return on the state's investment, and stimulate one or more of the following: local entrepreneurship, job creation or retention, new capital investment, strategic economic development planning, individual economic and community development leadership training, and administer the grant and loan program under this section.

(d) Requires TDA, in awarding a grant or loan of money from the fund for a project, to consider certain information related to the project.

(e) Provides that the fund is exempt from the application of Sections 403.095 (Use of Dedicated Revenue) and 404.071 (Disposition of Interest on Investments), Government Code.

(f) Authorizes TDA to accept grants, gifts, or donations from any source that are made for the purposes of this section. Requires that money received under this subsection be deposited in the fund.

(g) Requires TDA to adopt rules to administer this section.

SECTION 2. Effective date: September 1, 2009.