

SUBJECT: Department of Agriculture economic development programs

COMMITTEE: Agriculture and Livestock — favorable, without amendment

VOTE: 6 ayes — T. King, Anderson, Kacal, Kleinschmidt, Springer, White
0 nays
1 absent — M. González

WITNESSES: For — (*Registered, but did not testify*: Donna Chatham, Association of Rural Communities in Texas; Marida Favia del Core Borromeo, Exotic Wildlife Association; Ken Hodges, Texas Farm Bureau; Ronald Hufford, Texas Forestry Association; Carlton Schwab, Texas Economic Development Council; Bob Turner, Texas Poultry Federation; Gary Walker)

Against — (*Registered, but did not testify*: Dustin Matocha, Texans for Fiscal Responsibility)

On — Bryan Daniel, Texas Department of Agriculture

DIGEST: HB 1308 would make various changes to the Texas Department of Agriculture's economic development programs, such as establishing the Texas Economic Development Fund as a separate account in the treasury, allowing TDA to accept gifts, allowing TDA to establish the assistance available to certified retirement communities by rule, expanding the interest rate reduction program to include businesses in rural areas, and allowing TDA to request rather than require a letter from a commercial loan officer for approval of a loan application. The bill also would make non-substantive changes, including updates to statutory references and the merger and amendment of several required reports.

Establishing the Texas Economic Development Fund. The bill would establish the Texas Economic Development Fund as a separate account in the state treasury to receive the interest and revenue associated with the program from the U.S. Treasury and other sources. Money in the fund would be appropriated to TDA for economic development programs.

Economic development opportunities. HB 1308 would allow TDA to accept gifts or appropriations to administer economic development programs.

Certified retirement community program. The bill would allow TDA to establish the assistance available to certified retirement communities by rule rather than having it prescribed in statute. It would exempt the Texas Certified Retirement Community Program General Revenue Account from the uses of dedicated revenue, including use for budget certification.

Texas Agriculture Finance Authority interest rate reduction program. HB 1308 would expand the interest rate reduction program to include businesses in rural areas.

Texas Agriculture Finance Authority agricultural loan guarantee program application requirements. TDA could request rather than require a letter from a commercial loan officer for approval of a loan application.

Effective date. This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2013.

**SUPPORTERS
SAY:**

HB 1308 would make improvements to the Department of Agriculture's Economic Development Program, which contributes directly to a strong and diverse Texas economy. The bill would enhance TDA's ability to support producers, businesses, and communities statewide and help TDA with the administration of a federal economic development program for small businesses. It also would clean up statutes pertaining to the Texas Agriculture Finance Authority.

The bill also would exempt the Texas Certified Retirement Community Program Account from budget certification. This would ensure that the funds were used for the intended purpose of marketing and promoting retirement opportunities in Texas and Texas' rural communities. The program typically consumes all of its funding, but in the event that there are unexpended balances, HB 1307 would protect those funds from being used to certify the budget.

**OPPONENTS
SAY:**

HB 1308 would exempt the Certified Retirement Communities Program Account from funds consolidation, resulting in less money that could be

used to certify the state budget in the event of a budget shortfall.

NOTES:

A similar bill, SB 1214 by Schwertner, passed the Senate on the local and uncontested calendar on March 27 and is scheduled for public hearing in the House Committee on Economic and Small Business Development on May 1.

The LBB's fiscal note indicates the bill would result in no significant fiscal implication to the state.

The bill would create the Texas Economic Development Fund in the state treasury for the deposit of \$46.4 million in federal funds from the State Small Business Credit Initiative Act of 2010, as well as investment returns and interest earnings generated by the program. These federal funds are currently deposited to the general revenue fund. The LBB projects that because these receipts are federal funds, this would result in a non-certification loss to the general revenue fund and have no significant fiscal impact.

According to the fiscal note, the bill also would recreate a general revenue dedicated account for the Texas Certified Retirement Communities Program that would be exempt from uses of dedicated revenue. This account would receive fee revenue generated by the Texas Certified Communities program, which is currently deposited to the general revenue fund. This would result in a \$13,000 revenue loss to the general revenue fund and an identical gain to the newly created general revenue dedicated account.