

**SUBJECT:** Department of Agriculture economic development programs

**COMMITTEE:** Economic and Small Business Development — committee substitute recommended

**VOTE:** 8 ayes — J. Davis, Vo, Bell, Isaac, Murphy, Perez, E. Rodriguez, Workman  
0 nays  
1 absent — Y. Davis

**SENATE VOTE:** On final passage, March 27 — 30-0, on Local and Uncontested Calendar

**WITNESSES:** For — None  
Against — (*Registered, but did not testify:* Dustin Matocha, Texans for Fiscal Responsibility)  
On — Bryan Daniel, Texas Department of Agriculture

**DIGEST:** SB 1214 would make various changes to the Texas Department of Agriculture's economic development programs. These include 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 updates to statutory references.

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

**Economic development opportunities.** SB 1214 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.

The bill also would strike "application" from the language regarding the fee TDA collects from these communities, removing the restriction that the fee only be collected upon submittal of an application to be a certified retirement community.

**Texas Agriculture Finance Authority interest rate reduction program.** SB 1214 would expand the interest rate reduction program to include businesses in rural areas.

**Texas Agriculture Finance Authority agricultural loan guarantee program application requirements.** The bill would change one of the requirements of an application for a loan guarantee so that commercial lenders no longer had to be requiring a loan guarantee, but could be requesting one.

**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:**

SB 1214 would make improvements to the Department of Agriculture's economic development programs, which contribute 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.

**OPPONENTS  
SAY:**

SB 1214 would change the language regarding the Certified Retirement Community Program's application fee. The bill would strike the word "application," turning it into a fee that TDA could charge at any time, with no limit set on how often. This could give TDA more authority to charge more fees to retirement communities. Although this program is voluntary, the fee structure should be specified by statute, not left up to the TDA.

NOTES:

The Legislative Budget Board'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.

The committee substitute differs from the Senate engrossed version by removing the provision that would exempt the Texas Certified Retirement Community Program General Revenue Account from the uses of dedicated revenue, including use for budget certification.