

SUBJECT: Creating a matching grant program for certain federal block grants

COMMITTEE: Agriculture and Livestock — favorable, without amendment

VOTE: 5 ayes — T. King, C. Anderson, Cyrier, González, Springer

2 nays — Rinaldi, Simpson

SENATE VOTE: On final passage, May 13 — 22-9 (Bettencourt, Birdwell, Burton, Campbell, Hancock, Huffines, Nichols, Schwertner, L. Taylor)

WITNESSES: No public hearing

DIGEST: SB 1408 would require the Texas Department of Agriculture (TDA) to create a community development matching grant program, subject to available funds, to facilitate community and economic development in certain counties and municipalities. The department would provide matching grants to assist in the financing of various community development programs as specified in the bill or by the Texas Rural Health and Economic Development Advisory Council.

A county or municipality that qualified as a non-entitlement area under the federal community development block grant program and that was in good standing with TDA and the U.S. Department of Housing and Urban Development would be eligible to apply for a matching grant from the department. Eligible counties or municipalities could submit a single-jurisdiction application on their own or a multi-jurisdiction application. Only one of the counties or municipalities in the multi-jurisdiction project would be primarily accountable for meeting the financial compliance and performance requirements of the program.

TDA would be required to give preference to a multi-jurisdiction application if the project would mutually benefit the residents of all the communities that were applying. A county or municipality that applied for a multi-jurisdiction grant would not be allowed to submit a single-jurisdiction application for the same project.

The department would be required to adopt rules to implement the program, including establishing criteria for awarding the matching grants.

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, 2015.

**SUPPORTERS  
SAY:**

SB 1408 would help support federal community development efforts in rural communities. The federal community development block grant program has had a long history of helping struggling communities to create jobs and expand infrastructure. In recent years, the grant amounts coming from the block grant program have decreased. This bill would help address the shortfall by providing matching grants, subject to available funding, which would aid businesses and projects that rely on block grants.

**OPPONENTS  
SAY:**

SB 1408 could distort the market in favor of projects of questionable utility. The bill would allow the Department of Agriculture to provide grants to items such as international trade and renewable energy products. If the market has not deemed such businesses to be of value, the government should not be in the role of interfering with free trade.

**NOTES:**

The Legislative Budget Board' fiscal note estimates that SB 1408 would have a negative net fiscal impact to general revenue of about \$4.3 million in fiscal 2016-17.