

- SUBJECT:** Continuing the Texas Economic Development Fund for TDA
- COMMITTEE:** Economic and Small Business Development — favorable, without amendment
- VOTE:** 8 ayes — Button, Vo, Bailes, Hinojosa, Leach, Metcalf, Ortega, Villalba
0 nays
1 absent — Deshotel
- WITNESSES:** For — (*Registered, but did not testify:* Carlton Schwab, Texas Economic Development Council)
Against — None
On — (*Registered, but did not testify:* Stephen Dillion and Karen Reichek, Texas Department of Agriculture)
- BACKGROUND:** The Texas Economic Development Fund is a fund in the state treasury that may be appropriated only to the Department of Agriculture to administer, establish, implement, or maintain an economic development program.
- Agriculture Code, sec. 12.0272 provides that the fund consists of all revenue associated with economic development programs established with money allocated to the department to implement the State Small Business Credit Initiative Act, all money received as a result of a Small Business Credit Initiative investment, all gifts made to the department for administration of the Economic Development Program, and interest and income earned on the investment of money in the fund.
- The State Small Business Credit Initiative Act was passed by Congress in 2010, granting Texas \$46.5 million from the U.S. Treasury to increase small business access to capital and business expertise in order to allow entrepreneurs to expand companies in Texas.

The contract between the Texas Department of Agriculture and U.S. Treasury will expire in September 2017. Concerned parties have noted the need to continue the fund and to tailor its administration more specifically to the purposes of economic development in Texas, such as encouraging agricultural exports.

DIGEST: HB 2004 would end the authorization for the Department of Agriculture to spend money in the Texas Economic Development Fund to establish economic development programs, and would replace this authority by allowing the department to appropriate money from the fund to continue economic development programs originally established as part of the department's implementation of the State Small Business Credit Initiative.

The bill also would allow the department to use money appropriated to it from the fund to administer, continue, implement, or maintain:

- programs to further the department's authority to solicit and accept gifts, grants, and donations;
- programs or services to encourage the export of Texas agricultural products or products manufactured in rural Texas; and
- economic development programs established through an agreement with a federal agency, foreign governmental entity, nonprofit, private entity, public university, or state governmental entity to encourage rural economic development in Texas.

The bill would take immediate effect if finally passed by a two-thirds majority of both chambers. Otherwise, it would take effect September 1, 2017.

NOTES: According to the Legislative Budget Board's fiscal note, HB 2004 would have a negative impact of \$150,000 to general revenue through fiscal 2018-19 and would result in an equivalent gain to the general revenue dedicated Texas Economic Development Fund.