

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 4, 2011

TO: Honorable Rick Hardcastle, Chair, House Committee on Agriculture & Livestock

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB2996 by Miles (Relating to the creation of the Texas Urban Agricultural Innovation Authority.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2996, As Introduced: a negative impact of (\$1,248,090) through the biennium ending August 31, 2013.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	(\$628,045)
2013	(\$620,045)
2014	(\$616,525)
2015	(\$616,525)
2016	(\$616,525)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2011
2012	(\$628,045)	1.0
2013	(\$620,045)	1.0
2014	(\$616,525)	1.0
2015	(\$616,525)	1.0
2016	(\$616,525)	1.0

Fiscal Analysis

The bill would create the Texas Urban Agricultural Innovation Authority within the Department of Agriculture (TDA). The bill would require the Texas Urban Agricultural Innovation Authority to create the Urban Farmer Interest Rate Reduction Program to promote the creation and expansion of urban agriculture by providing linked deposits to eligible lending institutions for applicants who own or lease real property for agricultural purposes in a municipality with a population of at least 1.5 million.

The bill would create the Urban Farmer Grant Program within the Texas Urban Agricultural Innovation Authority to foster the creation and expansion of urban agricultural projects by providing grants of \$5,000 to \$20,000 to agricultural producers who own or lease real property for agricultural purposes in a municipality with a population of at least 1.5 million.

The bill would take effect September 1, 2011.

Methodology

The bill specifies the maximum amount of a loan through the Urban Farmer Interest Rate Reduction Program to be \$500,000. The bill also specifies that the loan must be for agricultural purposes in a municipality with a population of at least 1.5 million. There is only one municipality in the state which meets this criterion. For the purpose of this analysis, it is assumed that the average loan amount would be \$250,000 and two loans per fiscal year would be awarded in the eligible municipality. Therefore it is anticipated that \$500,000 would be provided in loans in each fiscal year under the Urban Farmer Interest Rate Reduction Program.

The bill specifies the intended amount of a grant through the Urban Farmer Grant Program to be between \$5,000 and \$20,000 and that to be eligible, an agricultural producer must own or lease real property in a municipality with a population of at least 1.5 million. There is only one municipality in the state which meets this criterion. For the purpose of this analysis, it is assumed that the average grant amount would be \$12,500 and two grants per fiscal year would be awarded in the eligible municipality. Therefore it is anticipated that \$25,000 would be provided in grant funding in each fiscal year under the Urban Farmer Grant Program.

It is anticipated that TDA would need one additional FTE to assist in the administration of the Urban Farmer Interest Rate Reduction Program, the Urban Farmer Grant Program, and to support the Texas Urban Agricultural Innovation Authority. The annual salary for the positions would be \$60,750, with estimated annual benefits costs of \$16,925. Related travel, equipment, and other operating expenses are estimated to be \$42,295 in fiscal year 2012, \$34,295 in fiscal year 2013, and \$30,775 in subsequent years.

Since the bill specified no fund to be used for the loan or grant program, the use of General Revenue was assumed.

According to the Comptroller of Public Accounts, revenue could be generated by this bill, but the amount cannot be determined.

Technology

The cost for computer equipment, software, and data center services would be \$4,700 in fiscal year 2012 and \$1,200 in subsequent years.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 551 Department of Agriculture

LBB Staff: JOB, SZ, ZS, AH