

SENATE AMENDMENTS

2nd Printing

By: Anderson of McLennan

H.B. No. 2004

A BILL TO BE ENTITLED

AN ACT

relating to the Texas economic development fund for the Department of Agriculture.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 12.0272(a) and (b), Agriculture Code, are amended to read as follows:

(a) The Texas economic development fund is a fund in the state treasury. The fund consists of:

(1) all interest, income, revenue, and other assets associated with economic development programs established using money allocated and paid to the department under the August 15, 2011, allocation agreement between the department and the United States Department of the Treasury, as amended, to implement the State Small Business Credit Initiative Act of 2010 (12 U.S.C. Section 5701 et seq.);

(2) all money, deposits, distributions, dividends, earnings, gain, income, interest, proceeds, profits, program income, rents, returns of capital, returns on investments, royalties, revenue, or yields received or realized by the department as a result of an investment made by or on behalf of the department pursuant to the August 15, 2011, allocation agreement between the department and the United States Department of the Treasury, as amended;

(3) gifts, loans, donations, aid, appropriations,

1 guaranties, allocations, subsidies, grants, or contributions
2 received under Sections 12.022 and [Section] 12.027(g);

3 (4) interest and income earned on the investment of
4 money in the fund; and

5 (5) other money required by law to be deposited in the
6 fund.

7 (b) Money in the Texas economic development fund is
8 dedicated to and may be appropriated only to the department for the
9 purposes [purpose] of administering, continuing [establishing],
10 implementing, or maintaining:

11 (1) an economic development program originally
12 established as part of the department's implementation of the State
13 Small Business Credit Initiative;

14 (2) ~~[under this section and is dedicated to and may be~~
15 ~~used only for the administration, establishment, implementation,~~
16 ~~or maintenance of]~~ one or more of the department's economic
17 development programs;

18 (3) one or more programs to further the department's
19 duties under Section 12.022;

20 (4) one or more programs or services to encourage the
21 export of Texas agricultural products or products manufactured in
22 rural Texas; and

23 (5) an economic development program established
24 through an agreement with a federal agency, foreign governmental
25 entity, local governmental entity, nonprofit organization, private
26 entity, public university, or state governmental entity to
27 encourage rural economic development in this state.

1 SECTION 2. This Act takes effect immediately if it receives
2 a vote of two-thirds of all the members elected to each house, as
3 provided by Section 39, Article III, Texas Constitution. If this
4 Act does not receive the vote necessary for immediate effect, this
5 Act takes effect September 1, 2017.

ADOPTED

MAY 22 2017

Leroy Spaw
Secretary of the Senate

By: *Perry*

H.B. No. 2004

Substitute the following for H.B. No. 2004

By: *[Signature]*

C.S. H.B. No. 2004

A BILL TO BE ENTITLED

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(1) all interest, income, revenue, and other assets associated with economic development programs established using money allocated and paid to the department under the August 15, 2011, allocation agreement between the department and the United States Department of the Treasury, as amended, to implement the State Small Business Credit Initiative Act of 2010 (12 U.S.C. Section 5701 et seq.);

(2) all money, deposits, distributions, dividends, earnings, gain, income, interest, proceeds, profits, program income, rents, returns of capital, returns on investments, royalties, revenue, or yields received or realized by the department as a result of an investment made by or on behalf of the department pursuant to the August 15, 2011, allocation agreement between the department and the United States Department of the Treasury, as amended;

(3) gifts, loans, donations, aid, appropriations,

1 guaranties, allocations, subsidies, grants, or contributions
2 received under Sections 12.022 and [Section] 12.027(g);

3 (4) interest and income earned on the investment of
4 money in the fund; and

5 (5) other money required by law to be deposited in the
6 fund.

7 (b) Money in the Texas economic development fund is
8 dedicated to and may be appropriated only to the department for the
9 purposes [~~purpose~~] of administering, continuing [~~establishing~~],
10 implementing, or maintaining:

11 (1) an economic development program originally
12 established as part of the department's implementation of the State
13 Small Business Credit Initiative; and

14 (2) [~~under this section and is dedicated to and may be~~
15 ~~used only for the administration, establishment, implementation,~~
16 ~~or maintenance of~~] one or more of the department's economic
17 development programs:

18 (A) established to encourage the export of Texas
19 agricultural products or products manufactured in rural Texas; or

20 (B) established through an agreement with a
21 federal agency, foreign governmental entity, local governmental
22 entity, nonprofit organization, private entity, public university,
23 or state governmental entity to encourage rural economic
24 development in this state.

25 SECTION 2. Chapter 12, Agriculture Code, is amended by
26 adding Section 12.0273 to read as follows:

27 Sec. 12.0273. LIMITATIONS ON LOANS AND GRANTS FROM TEXAS

1 ECONOMIC DEVELOPMENT FUND. (a) The department may use money in the
2 Texas economic development fund only to make loans and grants in the
3 manner provided by this section for the purposes provided by
4 Section 12.0272(b).

5 (b) The recipient of a grant using money from the fund must
6 provide matching funds in an amount equal to 25 percent of the
7 amount of the grant.

8 (c) The term of a loan made using money from the fund may not
9 exceed 20 years. A loan must require monthly payments of principal
10 and interest beginning not later than the 90th day after the date
11 the loan is made.

12 (d) The department shall administer the fund as a perpetual
13 source of financing for loans and grants under this section. The
14 department shall use payments of principal and interest to make
15 additional loans and grants.

16 (e) The cumulative amount of loans and grants to any person
17 using money from the fund may not exceed \$1 million.

18 (f) The department shall retain in the fund in the state
19 treasury an amount of money equal to at least 25 percent of the
20 amount of money in the fund on January 1, 2017.

21 (g) Not later than December 1 of each even-numbered year,
22 the department shall submit a report on the status of the fund,
23 including loans and grants made using money from the fund, to the
24 governor, lieutenant governor, speaker of the house of
25 representatives, and chairs of the house and senate committees with
26 primary jurisdiction over the department.

27 SECTION 3. This Act takes effect immediately if it receives

1 a vote of two-thirds of all the members elected to each house, as
2 provided by Section 39, Article III, Texas Constitution. If this
3 Act does not receive the vote necessary for immediate effect, this
4 Act takes effect September 1, 2017.

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 22, 2017

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2004** by Anderson, Charles "Doc" (Relating to the Texas economic development fund for the Department of Agriculture.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2004, As Passed 2nd House: a negative impact of (\$150,000) through the biennium ending August 31, 2019.

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
2018	(\$75,000)
2019	(\$75,000)
2020	(\$75,000)
2021	(\$75,000)
2022	(\$75,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>Texas Economic Development Fund</i> 183
2018	(\$75,000)	\$75,000
2019	(\$75,000)	\$75,000
2020	(\$75,000)	\$75,000
2021	(\$75,000)	\$75,000
2022	(\$75,000)	\$75,000

Fiscal Analysis

The bill would amend the Texas Agriculture Code, Section 12.0272 to expand the use of the Texas Economic Development Fund No. 183 (TEDF) by the Texas Department of Agriculture (TDA) to include funding the continuation of an economic development program originally implemented as part of the State Small Business Credit Initiative or other economic development programs implemented by TDA; any programs or services that encourage the export of Texas agricultural products or products manufactured in rural Texas; or an economic development program established through an agreement with a federal agency, foreign governmental entity, local governmental entity, nonprofit organization, private entity, public university, or state governmental entity to encourage rural economic development in Texas. The bill would direct all gifts, grants, and donations received by TDA to be deposited to the TEDF.

The bill would amend the Texas Agriculture Code by adding Section 12.0273 to allow TEDF funds to be used only for the purposes outlined in the amended Section 12.0272, and to require the recipient of a TEDF grant to provide a 25 percent match. The term of a loan from the TEDF would be limited to 20 years, and would require monthly payment beginning not later than 90 days after the loan was made. TDA would be required to maintain a balance in the TEDF equal to 25 percent of the amount of money in the fund on January 1, 2017, and would be required to submit a report on the status of the fund to the governor and other members of the legislature not later than December 1 of each even-numbered year.

The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to each house, or on September 1, 2017.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature."

Methodology

The Comptroller estimates that the revenue from gifts, grants and donations redirected to the TEDF from the General Revenue Fund would total \$75,000 each fiscal year and that this amount would continue in future fiscal years with no growth. Based on the analysis of TDA, duties and responsibilities associated with implementing the provisions of the bill could be accomplished utilizing existing resources.

Based on information collected from the Uniform State Accounting System, the balance in the TEDF on January 1, 2017 totaled \$8,902,373. The bill would require a balance of \$2,225,593 to be maintained. Expenditures from the TEDF could be limited based future appropriations from the TEDF and future revenue collections.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

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

LBB Staff: UP, SD, MSO, SZ, CL, MW

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 18, 2017

TO: Honorable Charles Perry, Chair, Senate Committee on Agriculture, Water & Rural Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2004 by Anderson, Charles "Doc" (relating to the Texas economic development fund for the Department of Agriculture.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2004, Committee Report 2nd House, Substituted: a negative impact of (\$150,000) through the biennium ending August 31, 2019.

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
2018	(\$75,000)
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2022	(\$75,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue Gain from Texas Economic Development Fund 183
2018	(\$75,000)	\$75,000
2019	(\$75,000)	\$75,000
2020	(\$75,000)	\$75,000
2021	(\$75,000)	\$75,000
2022	(\$75,000)	\$75,000

Fiscal Analysis

The bill would amend the Texas Agriculture Code, Section 12.0272 to expand the use of the Texas Economic Development Fund No. 183 (TEDF) by the Texas Department of Agriculture (TDA) to include funding the continuation of an economic development program originally implemented as part of the State Small Business Credit Initiative or other economic development programs implemented by TDA; any programs or services that encourage the export of Texas agricultural products or products manufactured in rural Texas; or an economic development program established through an agreement with a federal agency, foreign governmental entity, local governmental entity, nonprofit organization, private entity, public university, or state governmental entity to encourage rural economic development in Texas. The bill would direct all gifts, grants, and donations received by TDA to be deposited to the TEDF.

The bill would amend the Texas Agriculture Code by adding Section 12.0273 to allow TEDF funds to be used only for the purposes outlined in the amended Section 12.0272, and to require the recipient of a TEDF grant to provide a 25 percent match. The term of a loan from the TEDF would be limited to 20 years, and would require monthly payment beginning not later than 90 days after the loan was made. TDA would be required to maintain a balance in the TEDF equal to 25 percent of the amount of money in the fund on January 1, 2017, and would be required to submit a report on the status of the fund to the governor and other members of the legislature not later than December 1 of each even-numbered year.

The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to each house, or on September 1, 2017.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature."

Methodology

The Comptroller estimates that the revenue from gifts, grants and donations redirected to the TEDF from the General Revenue Fund would total \$75,000 each fiscal year and that this amount would continue in future fiscal years with no growth. Based on the analysis of TDA, duties and responsibilities associated with implementing the provisions of the bill could be accomplished utilizing existing resources.

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Local Government Impact

No significant fiscal implication to units of local government is anticipated.

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

LBB Staff: UP, MSO, SZ, CL, MW

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 10, 2017

TO: Honorable Charles Perry, Chair, Senate Committee on Agriculture, Water & Rural Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2004** by Anderson, Charles "Doc" (Relating to the Texas economic development fund for the Department of Agriculture.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2004, As Engrossed: a negative impact of (\$150,000) through the biennium ending August 31, 2019.

The bill will result in an equivalent gain to General Revenue-Dedicated Fund 183.

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
2018	(\$75,000)
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All Funds, Five-Year Impact:

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The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to each house; otherwise, the bill would take effect on September 1, 2017.

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

LBB Staff: UP, SZ, CL, MW, MSO

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 12, 2017

TO: Honorable Angie Chen Button, Chair, House Committee on Economic & Small Business Development

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2004** by Anderson, Charles "Doc" (Relating to the Texas economic development fund for the Department of Agriculture.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2004, As Introduced: a negative impact of (\$150,000) through the biennium ending August 31, 2019.

The bill will result in an equivalent gain to General Revenue-Dedicated Fund 183.

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:

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LBB Staff: UP, CL, MW, MSO