

1-1 By: Kitzman, et al. (Senate Sponsor - Sparks , et al.) H.B. No. 43
 1-2 (In the Senate - Received from the House April 23, 2025;
 1-3 April 24, 2025, read first time and referred to Committee on Water,
 1-4 Agriculture and Rural Affairs; May 20, 2025, reported adversely,
 1-5 with favorable Committee Substitute by the following vote: Yeas 8,
 1-6 Nays 0; May 20, 2025, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11			X	
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 43 By: Hancock

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to the Texas Agricultural Finance Authority and certain
 1-22 programs administered by the authority.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Section 58.002(1), Agriculture Code, is amended
 1-25 to read as follows:

1-26 (1) "Agricultural business" means:

1-27 (A) a business that is or proposes to be engaged
 1-28 in producing, processing, marketing, or exporting an agricultural
 1-29 product;

1-30 (B) an eligible applicant as defined in
 1-31 Subchapter E;

1-32 (C) the entity designated to carry out boll
 1-33 weevil eradication in accordance with Section 74.1011;

1-34 (D) any agriculture-related business in rural
 1-35 areas of Texas [~~including a business that provides recreational~~
 1-36 ~~activities, including hiking, fishing, hunting, or any other~~
 1-37 ~~activity associated with the enjoyment of nature or the outdoors on~~
 1-38 ~~agricultural land];~~

1-39 (E) a state agency or an institution of higher
 1-40 education that is engaged in producing an agricultural product; or

1-41 (F) a nonprofit organization whose primary
 1-42 purpose is to maintain the agricultural use of land [~~a business that~~
 1-43 ~~holds a permit under Subchapter L, Chapter 43, Parks and Wildlife~~
 1-44 ~~Code, or~~

1-45 [~~(C) any other business in a rural area of this~~
 1-46 ~~state].~~

1-47 SECTION 2. Sections 58.012(a), (b), (c), and (g),
 1-48 Agriculture Code, are amended to read as follows:

1-49 (a) The authority is governed by a board of directors
 1-50 composed of the following nine members:

1-51 (1) the commissioner of agriculture;

1-52 (2) two members appointed by the commissioner who are
 1-53 knowledgeable about agricultural lending practices; and

1-54 (3) six [~~the director of the Institute for~~
 1-55 ~~International Agribusiness Studies at Prairie View A&M University,~~
 1-56 ~~and nine] members appointed by the governor [~~commissioner.~~
 1-57 ~~Members of the board must be appointed in the numbers specified and]~~
 1-58 from the following categories:~~

1-59 (A) two persons who are representatives [~~(1) one~~
 1-60 ~~person who is an elected or appointed official of a municipality or~~

2-1 county,
 2-2 [~~(2) four persons who are knowledgeable about~~
 2-3 ~~agricultural lending practices;~~
 2-4 [~~(3) one person who is a representative of~~
 2-5 ~~agricultural businesses;~~
 2-6 [~~(4) one person who is a representative]~~ of
 2-7 agriculture related entities, including rural chambers of
 2-8 commerce, foundations, trade associations, institutions of higher
 2-9 education, or other entities involved in agricultural matters;
 2-10 ~~[and]~~

2-11 (B) [~~(5)] two persons who represent young~~
 2-12 farmers or ranchers and the interests of young farmers or ranchers;
 2-13 and

2-14 (C) two persons who each operate a family farm or
 2-15 ranch in this state.

2-16 (b) The appointed members of the board serve staggered terms
 2-17 of two years, with the terms of four members expiring on January 1
 2-18 of each even-numbered year and the terms of four [~~five~~] members
 2-19 expiring on January 1 of each odd-numbered year.

2-20 (c) Any vacancy occurring in an appointed position on the
 2-21 board shall be filled [~~by the commissioner~~] for the unexpired term
 2-22 in the same manner as provided for the appointment of the position.

2-23 (g) Notwithstanding Subsection (f), age may be considered
 2-24 by the commissioner in making appointments under Subsection
 2-25 (a)(3)(B) [~~(a)(5)]~~.

2-26 SECTION 3. Sections 58.016(b) and (d), Agriculture Code,
 2-27 are amended to read as follows:

2-28 (b) On or before August 1 of each year, the administrator
 2-29 shall file with the board the proposed annual budgets for the
 2-30 agricultural [~~young farmer~~] loan guarantee program under
 2-31 Subchapter E, the farm and ranch finance program under Chapter 59,
 2-32 and the programs administered by the board under this chapter for
 2-33 the succeeding fiscal year. If there is no administrator, the
 2-34 commissioner shall assume the duties of the administrator in
 2-35 connection with preparation of the budget. The budget must set
 2-36 forth the general categories of expected expenditures out of
 2-37 revenues and income of the funds administered by the authority and
 2-38 the amount on account of each. On or before September 1 of each
 2-39 year, the board shall consider the proposed annual budget and may
 2-40 approve it or amend it. If for any reason the authority does not
 2-41 adopt an annual budget before September 2, no expenditures may be
 2-42 made from the funds until the board approves the annual budget. The
 2-43 authority may adopt an amended annual budget for the current fiscal
 2-44 year.

2-45 (d) On or before January 1 of each year, the authority shall
 2-46 prepare and submit to the Legislative Budget Board a report of its
 2-47 activities for the preceding fiscal year. The report must set forth
 2-48 a complete operating and financial statement, including the
 2-49 revenues and expenditures of the authority for each program
 2-50 administered by the board.

2-51 SECTION 4. Section 58.021, Agriculture Code, is amended by
 2-52 amending Subsections (c) and (d) and adding Subsection (e) to read
 2-53 as follows:

2-54 (c) [~~Except as otherwise provided by this subsection, the~~
 2-55 ~~maximum aggregate amount of loans made to or guaranteed, insured,~~
 2-56 ~~coinsured, or reinsured under this subchapter for a single eligible~~
 2-57 ~~agricultural business by the authority from funds provided by the~~
 2-58 ~~authority is \$2 million. The authority may make, guarantee,~~
 2-59 ~~insure, coinsure, or reinsure a loan for a single eligible~~
 2-60 ~~agricultural business that results in an aggregate amount exceeding~~
 2-61 ~~\$2 million, but not exceeding \$5 million, if the action is approved~~
 2-62 ~~by a two-thirds vote of the board members present.] The authority
 2-63 may make, guarantee, participate in, insure, coinsure, or reinsure
 2-64 loans to the entity designated to carry out boll weevil eradication
 2-65 in accordance with Section 74.1011 in an amount approved by the
 2-66 board to enable that entity to execute Subchapter D, Chapter 74.
 2-67 The authority may issue an obligation on behalf of, or make,
 2-68 guarantee, participate in, insure, coinsure, or reinsure loans to,
 2-69 a state agency or an institution of higher education for the purpose~~

3-1 of the development, improvement, or expansion of an agricultural
 3-2 product or an agriculture-related business in an amount approved by
 3-3 the board. The authority may make, guarantee, participate in,
 3-4 insure, coinsure, or reinsure loans to an eligible agricultural
 3-5 business from the proceeds of revenue bonds issued in accordance
 3-6 with Section 58.033 in an amount approved by the board.

3-7 (d) Notwithstanding any other provision of this section,
 3-8 the authority may also design and implement programs to:

3-9 (1) further agriculture-related rural economic
 3-10 development; and

3-11 (2) reduce the amount of interest paid on loans
 3-12 approved by the authority.

3-13 (e) The authority may provide financial assistance to the
 3-14 Texas Animal Health Commission, Texas A&M AgriLife Extension
 3-15 Service, or Texas A&M AgriLife Research to design and implement
 3-16 programs to control agriculture-related diseases, pests, or
 3-17 depredating animals under Subchapter H.

3-18 SECTION 5. The heading to Subchapter F, Chapter 58,
 3-19 Agriculture Code, is amended to read as follows:

3-20 SUBCHAPTER F. ~~[YOUNG]~~ FARMER INTEREST RATE REDUCTION PROGRAM

3-21 SECTION 6. Sections 58.071(1) and (2), Agriculture Code,
 3-22 are amended to read as follows:

3-23 (1) "Eligible lending institution" means a financial
 3-24 institution that makes commercial loans, is either a depository of
 3-25 state funds or an institution of the Farm Credit System
 3-26 [~~headquartered in this state~~], and agrees to participate in the
 3-27 [~~young~~] farmer interest rate reduction program and to provide
 3-28 collateral equal to the amount of linked deposits placed with it.

3-29 (2) "Linked deposit" means a time deposit governed by
 3-30 a written deposit agreement between the state and an eligible
 3-31 lending institution that provides:

3-32 (A) that the eligible lending institution pay
 3-33 interest on the deposit at a rate that is not less than the greater
 3-34 of:

3-35 (i) the current market rate of a United
 3-36 States treasury bill or note of comparable maturity minus three
 3-37 percent; or

3-38 (ii) 0.5 percent;

3-39 (B) that the state not withdraw any part of the
 3-40 deposit before the expiration of a period set by a written advance
 3-41 notice of the intention to withdraw; and

3-42 (C) that the eligible lending institution agree
 3-43 to lend the value of the deposit to an eligible borrower at a
 3-44 maximum rate that is the linked deposit rate plus a maximum of one
 3-45 [~~four~~] percent.

3-46 SECTION 7. The heading to Section 58.072, Agriculture Code,
 3-47 is amended to read as follows:

3-48 Sec. 58.072. ~~[YOUNG]~~ FARMER INTEREST RATE REDUCTION
 3-49 PROGRAM.

3-50 SECTION 8. Sections 58.072(a), (b), (d), (e), (k), (m), and
 3-51 (n), Agriculture Code, are amended to read as follows:

3-52 (a) The board shall establish a [~~young~~] farmer interest rate
 3-53 reduction program to promote the creation and expansion of
 3-54 agricultural businesses by [~~young~~] people in this state.

3-55 (b) The board may disperse a loan under the [~~To be eligible~~
 3-56 ~~to participate in the young~~] farmer interest rate reduction program
 3-57 quarterly, annually, or biennially, or on another disbursement
 3-58 schedule, as determined by the board after considering the needs of
 3-59 the recipient [~~, an applicant must be at least 18 years of age but~~
 3-60 ~~younger than 46 years of age~~].

3-61 (d) The board shall adopt rules for the loan portion of the
 3-62 [~~young~~] farmer interest rate reduction program.

3-63 (e) In order to participate in the [~~young~~] farmer interest
 3-64 rate reduction program, an eligible lending institution may solicit
 3-65 loan applications from eligible applicants.

3-66 (k) If a lending institution holding linked deposits ceases
 3-67 to be either a state depository or a Farm Credit System institution
 3-68 [~~headquartered in this state~~], the comptroller may withdraw the
 3-69 linked deposits.

4-1 (m) A lending institution is not ineligible to participate
 4-2 in the [~~young~~] farmer interest rate reduction program solely
 4-3 because a member of the board is also an officer, director, or
 4-4 employee of the lending institution, provided that a board member
 4-5 shall recuse himself or herself from any action taken by the board
 4-6 on an application involving a lending institution by which the
 4-7 board member is employed or for which the board member serves as an
 4-8 officer or director.

4-9 (n) Linked deposits under the [~~young~~] farmer interest rate
 4-10 reduction program shall be funded from the Texas agricultural fund.

4-11 SECTION 9. Section 58.075(a), Agriculture Code, is amended
 4-12 to read as follows:

4-13 (a) The maximum amount of a loan under this subchapter is
 4-14 \$750,000 [~~\$500,000~~].

4-15 SECTION 10. The heading to Subchapter G, Chapter 58,
 4-16 Agriculture Code, is amended to read as follows:

4-17 SUBCHAPTER G. AGRICULTURE [~~YOUNG FARMER~~] GRANT PROGRAM

4-18 SECTION 11. Section 58.091(a), Agriculture Code, is amended
 4-19 to read as follows:

4-20 (a) The authority shall administer an agriculture [~~a young~~
 4-21 ~~farmer~~] grant program. A grant must be for the purpose of
 4-22 maintaining agricultural businesses, maintaining agricultural uses
 4-23 of land, or fostering supply chain resiliency or the creation and
 4-24 expansion of agricultural businesses by [~~young~~] people in this
 4-25 state.

4-26 SECTION 12. Section 58.092, Agriculture Code, is amended to
 4-27 read as follows:

4-28 Sec. 58.092. ELIGIBILITY. To be eligible to receive a grant
 4-29 under this subchapter, an applicant [~~a person~~] must:

4-30 (1) be an agricultural producer or business [~~who is at~~
 4-31 ~~least 18 years of age but younger than 46 years of age~~]; and

4-32 (2) provide matching funds in an [~~the~~] amount [~~of~~] not
 4-33 less than 10 percent [~~one dollar for each dollar~~] of the grant money
 4-34 received.

4-35 SECTION 13. Section 58.093, Agriculture Code, is amended to
 4-36 read as follows:

4-37 Sec. 58.093. AMOUNT OF GRANTS. A grant under the
 4-38 agriculture [~~young farmer~~] grant program may not be less than
 4-39 \$5,000 or more than \$100,000 [~~\$20,000~~].

4-40 SECTION 14. Section 58.095, Agriculture Code, is amended to
 4-41 read as follows:

4-42 Sec. 58.095. FUNDING. The source of funds for the
 4-43 agriculture [~~young farmer~~] grant program is the Texas agricultural
 4-44 fund.

4-45 SECTION 15. Chapter 58, Agriculture Code, is amended by
 4-46 adding Subchapter H to read as follows:

4-47 SUBCHAPTER H. PEST AND DISEASE CONTROL AND DEPREDATION PROGRAM

4-48 Sec. 58.101. PEST AND DISEASE CONTROL AND DEPREDATION
 4-49 PROGRAM. (a) The authority shall provide financial assistance to
 4-50 the Texas Animal Health Commission, Texas A&M AgriLife Extension
 4-51 Service, or Texas A&M AgriLife Research to implement programs to
 4-52 control agriculture-related pests, diseases, or depredating
 4-53 animals.

4-54 (b) A program implemented under this section must be
 4-55 designed to mitigate agricultural losses by an agricultural
 4-56 business through the control of agriculture-related pests,
 4-57 diseases, or depredating animals.

4-58 Sec. 58.102. APPLICATIONS. The Texas Animal Health
 4-59 Commission, Texas A&M AgriLife Extension Service, or Texas A&M
 4-60 AgriLife Research shall submit an application to receive financial
 4-61 assistance under this subchapter on a form approved by the board or
 4-62 the board's designee.

4-63 Sec. 58.103. FUNDING. The source of funds for the financial
 4-64 assistance program under this subchapter is the Texas agricultural
 4-65 fund.

4-66 Sec. 58.104. RULES. The board shall adopt rules to
 4-67 implement this subchapter, including rules governing the operation
 4-68 of the program.

4-69 SECTION 16. The changes in law made by this Act in the

5-1 qualifications of members of the board of directors of the Texas
5-2 Agricultural Finance Authority do not affect the entitlement of a
5-3 member serving on the board immediately before the effective date
5-4 of this Act to continue to carry out the board's functions for the
5-5 remainder of the member's term. The changes in law apply only to a
5-6 member appointed on or after the effective date of this Act. This
5-7 Act does not prohibit a person who is a member of the board on the
5-8 effective date of this Act from being reappointed to the board if
5-9 the person has the qualifications required for a member under
5-10 Section 58.012, Agriculture Code, as amended by this Act.

5-11 SECTION 17. The Texas Agricultural Finance Authority is
5-12 required to make a loan or a grant under Section 58.075 or 58.093,
5-13 Agriculture Code, as amended by this Act, only if the legislature
5-14 appropriates money specifically for that purpose. If the
5-15 legislature does not appropriate money for that purpose, the Texas
5-16 Agricultural Finance Authority may, but is not required to, make a
5-17 loan or a grant under Section 58.075 or 58.093, Agriculture Code, as
5-18 amended by this Act, using other money available for that purpose.

5-19 SECTION 18. As soon as is practicable after the effective
5-20 date of this Act, the commissioner of agriculture shall adopt rules
5-21 to implement Chapter 58, Agriculture Code, as amended by this Act,
5-22 including rules to implement the pest and disease control and
5-23 depredation program established under Subchapter H, Chapter 58,
5-24 Agriculture Code, as added by this Act.

5-25 SECTION 19. (a) Except as provided by Subsection (b) of
5-26 this section, this Act takes effect immediately if it receives a
5-27 vote of two-thirds of all the members elected to each house, as
5-28 provided by Section 39, Article III, Texas Constitution. If this
5-29 Act does not receive the vote necessary for immediate effect, this
5-30 Act takes effect September 1, 2025.

5-31 (b) Sections 58.075(a) and 58.093, Agriculture Code, as
5-32 amended by this Act and Section 17 of this Act take effect September
5-33 1, 2027.

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