

1-1 By: Guillen (Senate Sponsor - Zaffirini) H.B. No. 2765
1-2 (In the Senate - Received from the House April 28, 2025;
1-3 April 29, 2025, read first time and referred to Committee on
1-4 Economic Development; May 20, 2025, reported favorably by the
1-5 following vote: Yeas 4, Nays 0; May 20, 2025, sent to printer.)

1-6	COMMITTEE VOTE				
1-7		Yea	Nay	Absent	PNV
1-8	King	X			
1-9	Sparks	X			
1-10	Alvarado	X			
1-11	Johnson	X			
1-12	Schwertner			X	

1-13 A BILL TO BE ENTITLED
1-14 AN ACT

1-15 relating to the Rural Economic Development and Investment Program
1-16 and the Texas economic development fund.

1-17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-18 SECTION 1. Sections 12.0271(a) and (b), Agriculture Code,
1-19 are amended to read as follows:

1-20 (a) From funds appropriated for that purpose, the
1-21 commissioner shall establish and administer a financial assistance
1-22 program to encourage private economic development in rural areas.
1-23 Financial assistance under the program may be provided only to:

1-24 (1) a county with a population of not more than 200,000
1-25 ~~[75,000]~~;

1-26 (2) a municipality with a population of not more than
1-27 50,000; ~~[or]~~

1-28 (3) a public utility owned by a municipality described
1-29 by Subdivision (2);

1-30 (4) a political subdivision not described by
1-31 Subdivision (1) or (2), including a special district, that is
1-32 wholly or partly located in a county described by Subdivision (1);
1-33 or

1-34 (5) an economic development corporation, ~~[or]~~
1-35 community development financial institution, or other lender that
1-36 primarily represents a county or municipality described by this
1-37 subsection.

1-38 (b) Financial assistance under Subsection (a) may be used
1-39 only for a project relating to:

1-40 (1) the acquisition or development of land, easements,
1-41 or rights-of-way;

1-42 (2) attracting new private enterprises to the county
1-43 or municipality, including:

1-44 (A) manufacturing facilities;

1-45 (B) freight storage facilities;

1-46 (C) distribution warehouse centers; ~~[and]~~

1-47 (D) mineral extraction activities, as defined by
1-48 Section 2270.0051, Government Code; and

1-49 (E) other nonretail private enterprises;

1-50 (3) the construction, extension, or other improvement
1-51 of:

1-52 (A) water or waste disposal facilities; or

1-53 (B) transportation infrastructure; or

1-54 (4) any other activity relating to private economic
1-55 development that the commissioner determines will encourage
1-56 economic and infrastructure development in a rural area.

1-57 SECTION 2. Section 12.0272(b), Agriculture Code, is amended
1-58 to read as follows:

1-59 (b) Money in the Texas economic development fund is
1-60 dedicated to and may be appropriated only to the department for the
1-61 purposes of administering, continuing, implementing, or

maintaining:

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

(2) one or more of the department's economic development programs:

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

(B) 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 this state.

SECTION 3. Section 12.0273, Agriculture Code, is amended by amending Subsections (c), (d), and (e) and adding Subsections (e-1) and (h) to read as follows:

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

(d) The department shall administer the fund as a perpetual source of financing for loans and grants under this section. The department shall use payments of principal and interest to make additional loans and grants. Subject to Subsection (f), the department may use any money in the fund to make additional loans and grants.

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

(e-1) The maximum aggregate amount of outstanding loans to any one person at any time using money from the fund may not exceed \$1 million.

(h) The department may adopt rules for the repayment of a loan or grant made under this section.

SECTION 4. Section 12.0273, Agriculture Code, as amended by this Act, applies only to a loan or grant made on or after the effective date of this Act.

SECTION 5. This Act takes effect September 1, 2025.

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