

BILL ANALYSIS

Senate Research Center
83R10343 DDT-F

S.B. 1554
By: Lucio
Agriculture, Rural Affairs & Homeland Security
4/19/2013
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The federal Community Development Block Grant (CDBG) program, administered by the United States Department of Housing and Urban Development (HUD), was established in 1974 to provide states and local units of government federal assistance to address a wide array of community development needs.

In Texas, the state's share of federal CDBG funds that assist non-entitlement communities (i.e., towns, cities, and counties that are too small to receive direct assistance from HUD) is primarily administered by the Texas Department of Agriculture (TDA). TDA uses the state's allocation of non-entitlement CDBG funds to provide local governments the necessary resources to address a wide variety of community needs (e.g., basic infrastructure projects, capacity planning and improvement initiatives, economic development endeavors, et cetera) which would be difficult to address if the non-entitlement CDBG funds were not available.

Over the last 10 years, the state's allocation of non-entitlement federal CDBG funds has decreased by over 30 percent. The Legislative Budget Board (LBB) reports that in fiscal year (FY) 2003, the state received \$85.26 million from the federal CDBG program. In early 2013, LBB estimated that the state would receive \$59.29 million for FY 2013, which is a 30.5 percent decrease over the last 10 years. LBB subsequently reported in February 2013, that because of the federal sequestration's across-the-board automatic reductions to certain federal programs, the state's allocation of CDBG funding would be further reduced by approximately \$3.2 million in FY 2013.

This reduction of federal resources is of serious concern to non-entitlement local governments which may not have the local resources to appropriately meet the needs of their communities. To address this concern, S.B. 1554 establishes a state funded matching grant program to provide needed resources for non-entitlement local governments to assist them with critical community needs.

As proposed, S.B. 1554 amends current law relating to the establishment of a matching grant program for rural economic development.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 487, Government Code, by adding Subchapter S, as follows:

SUBCHAPTER S. RURAL AREA REGIONAL PLANNING AND IMPLEMENTATION MATCHING GRANT PROGRAM

Sec. 487.851. DEFINITIONS. Defines "program" and "rural area" in this subchapter.

Sec. 487.852. RURAL AREA REGIONAL PLANNING AND IMPLEMENTATION
MATCHING GRANT PROGRAM. (a) Requires the Office of Rural Affairs within the

Department of Agriculture (office) to create the rural area regional planning and implementation matching grant program (program) to foster regional collaboration for community and economic development in rural areas.

(b) Authorizes the office to award matching grants for the planning and implementation of regionally identified objectives in a rural area.

Sec. 487.853. ELIGIBLE ENTITIES. (a) Requires that an application, including a description of the project proposal, be jointly submitted by two or more of the following entities in the form prescribed by the office in order to be awarded a matching grant under the program for a proposed project:

- (1) a municipality;
- (2) a county;
- (3) an economic development corporation;
- (4) a community foundation;
- (5) a faith-based organization;
- (6) a hospital or clinic;
- (7) an institution of higher education, as defined by Section 61.003 (Definitions), Education Code; or
- (8) a commission, as defined by Section 391.002 (Definitions), Local Government Code.

(b) Requires entities that jointly submit an application under Subsection (a) to be physically located in at least:

- (1) two or more adjacent rural counties; or
- (2) two or more municipalities or census-designated places in a rural county.

Sec. 487.854. GRANT AWARDS. Requires the office to give preference to eligible applicants that demonstrate an inclusive planning and implementation process over other eligible applicants for an award of a matching grant under the program.

SECTION 2. Effective date: upon passage or September 1, 2013.