

Change to Lending Program Will Benefit Rural Texans

By Richard Cordes
Menard County Judge

At a meeting of the board of directors of the Texas Small Business Industrial Development Corporation (TSBIDC) in Austin on July 27, a systemic change was made in the minimum loan amount that an eligible public or private entity can borrow for economic development projects.

The new minimum is \$1 million, down from \$5 million. This means that, for the first time, rural towns in Texas can realistically tap this lending program.

In my appearance before the board, I respectfully expressed a desire for the loan floor to be lowered, because rural communities provide their citizens with the same services as do big cities, only on a smaller scale with fewer resources. By lowering the loan floor, rural Texas has the opportunity to benefit from the program funds, and in the bigger picture, a more vibrant rural Texas positively affects the state's economy.

TSBIDC developed the Texas Public Facilities Capital Access Program (TEXCAP) to promote economic development in Texas. Some of the purposes of the program are to "promote new direct and indirect employment within the state and generate additional tax revenues," and "provide access to affordable tax-exempt financing for projects to qualified borrowers for whom such access was previously either not available or not cost effective."

This means that the Menards of Texas can now apply to borrow low-interest-rate moneys for the betterment of their communities that were formerly beyond reach.

The TSBIDC is "a nonprofit corporation that is legally separate from the State, but is under the oversight of the Office of Governor Economic Development and Tourism." Funds, in the millions of dollars, for the program come from Texas revenue bonds that were sold in the 1980s.

Joining me in persuading the joint TSBIDC and TEXCAP board was Genora Young, executive director of Downtown San Angelo Inc. As past community and



economic development director for the rural community of Eden, 45 miles east of San Angelo, Young has an acute understanding of the contributions of San Angelo's rural economic neighbors and partners.

She pointedly stated, "Through regional economic development, cluster development, or some other means, rural communities can

be fully engaged in the growing economies of their regions. The change is difficult, but by embracing it—differentiating communities by their unique assets and discovering innovative ways of growing economies—rural areas can prosper in an ever-changing world."

At a time when the U.S. economy is in tatters, few policy officials think of the value and promise of Texas' smaller communities as potential business incubators and a haven from big-city living. A review of program guidelines reveals that numerous small-town projects could benefit from the board's recent action—for example, "sewage or solid water disposal facilities, manufacturing and industrial facilities, or small warehouse facilities capable of serving as decentralized storage and distribution centers, etc."

It should not go unnoticed that the chairman of the TSBIDC board and president of TEXCAP panel is a fellow with deep West Texas roots, Mario Castillo of San Angelo.

In what can best be described as "deft political ballet," Castillo guided the board and the many interlinked and complicated interests to a common sense decision beneficial to rural Texans. Governor Rick Perry made a wise appointment with Castillo as chairman and the other forward-thinking TSBIDC board members.

For more information about TSBIDC, contact Lee Deviney, chief financial officer and director of the Texas Economic Development Bank, Office of the Governor's Division of Economic Development and Tourism, at 512-936-0483 or lee.deviney@governor.state.tx.us. ★