

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**Revision 1**

**May 6, 2009**

**TO:** Honorable Yvonne Gonzalez Toureilles, Chair, House Committee on Agriculture & Livestock

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: SB1016** by Estes (Relating to the continuation and functions of the Department of Agriculture and the Prescribed Burning Board and the abolition of the Texas-Israel Exchange Fund Board; providing penalties.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1016, As Engrossed: a negative impact of (\$10,146,990) through the biennium ending August 31, 2011.

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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2010	(\$5,077,495)
2011	(\$5,069,495)
2012	(\$5,069,495)
2013	(\$5,069,495)
2014	(\$5,069,495)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from General Revenue Fund 1</b>	<b>Probable Savings/(Cost) from Texas Agricultural Fund 683</b>	<b>Change in Number of State Employees from FY 2009</b>
2010	(\$5,077,495)	(\$150,988)	5.0
2011	(\$5,069,495)	(\$143,988)	5.0
2012	(\$5,069,495)	(\$143,988)	5.0
2013	(\$5,069,495)	(\$143,988)	5.0
2014	(\$5,069,495)	(\$143,988)	5.0

**Fiscal Analysis**

The bill would amend the Agriculture Code and the Government Code to continue the Department of Agriculture and the Prescribed Burning Board for 12 years and would abolish the Texas-Israel Exchange Fund Board.

The bill would modify the Linked Deposit Program of TDA to become the Interest Rate Reduction Program to foster the creation and expansion of enterprises based on agriculture in Texas. The bill would provide that the Commissioner of Agriculture, rather than the Governor, appoints the Board of

Directors of the Texas Agricultural Finance Authority (TAFA) and adds two members representing young farmers to the Board.

The bill would set requirements on the issuance of debt by the Texas Public Finance Authority (TPFA). The bill would change the Young Farmer Loan Guarantee Program to the Agricultural Loan Guarantee Program. The bill would create the Young Farmer Interest Rate Reduction Program and the Young Farmer Grant Program to promote the creation and expansion of agricultural businesses by young people.

The bill would amend the Natural Resources Code to allow certified and insured prescribed burn managers to conduct a burn in a county in which a state of emergency or disaster has been declared. The bill would require TDA to receive and process complaints concerning prescribed burn managers and impose administrative sanctions for violations.

The bill would create the Texas-Israel Exchange Research Program at TDA and the Texas-Israel Exchange Advisory Committee to support joint agricultural research and development with Israel.

The bill would abolish the Wine Industry Development Advisory Committee and the Wine Marketing Assistance Program Advisory Committee and create the Wine Industry Development and Marketing Advisory Committee to assist the Commissioner of Agriculture in establishing and implementing the Texas Wine Marketing Assistance Program.

The bill would require the Commissioner of Agriculture, rather than the Governor, to appoint the members of the State Seed and Plant Board and the Produce Recovery Fund Board.

The bill would require businesses, rather than individuals, to be licensed as public weighers.

The bill would expand claims available from the Produce Recovery Fund.

The bill would eliminate regulation of rose graders, cash produce dealers, piece rates, and cooperative marketing associations.

The bill would modify TDA's licensing and enforcement functions by increasing the agency's administrative penalty authority and allowing the agency to establish a risk-based approach to all inspection activities, stagger license renewals, and charge fees for duplicate licenses.

The bill would apply general licensing provisions of the Agriculture Code to the Structural Pest Control Act.

The bill would authorize a producer to file a claim against an unlicensed produce dealer and receive claim funds from the Produce Recovery Fund.

The bill authorizes TDA to enter into reciprocal licensing agreements with other states for the structural pest control program.

The bill provides TDA the authority to solicit and accept gifts, grants, and donations from any person for any public purpose related to the agency's duties.

The bill prohibits the use of citrus budwood for commercial purposes if that budwood is not certified or from a designated foundation grove.

The bill authorizes the Texas Beef Council to collect the proceeds of and administer the beef check off program and makes other changes to the structure of the Beef Council.

The bill would eliminate timelines for establishing an emergency quarantine and instead applies the general emergency rulemaking procedures.

The bill would remove the requirement for a Governor's proclamation to establish a Mexican Fruit Fly quarantine.

The bill would remove specific hearing and notice requirements for pesticide rulemaking.

The bill would create the Texas Rural Investment Fund, to be administered by the TDA, to provide grants or loans in rural areas to stimulate local entrepreneurship, job creation or retention, new capital investment, strategic economic development planning, individual economic and community development leadership training, housing development, or innovative workforce education.

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.

The bill would cap the appropriation for the change in law regarding the Texas Rural Investment Fund at \$4 million.

The bill would take effect September 1, 2009.

### **Methodology**

Based on the information provided by the Sunset Advisory Commission and the Department of Agriculture it is assumed that TDA would require 5.0 FTEs to implement the provisions of the bill, including 2.0 FTEs to manage the Agricultural Loan Guarantee Program, the Young Farmer Interest Rate Reduction Program, and the Young Farmer Grant Program, 1.0 FTE to manage the modified prescribed burn manager program, and 2.0 FTEs to implement the Texas Rural Investment Fund. The 2.0 FTEs which would manage the various TAFE programs would be paid from the Texas Agricultural Fund No. 683, and would have related costs of \$150,988 in fiscal year 2010 and \$143,988 in subsequent years, including salary, benefits, and other operating expenses. The 1.0 additional FTE to manage the prescribed burn manager program would require an annual salary of \$52,419, with related benefits of \$14,976, and related travel, equipment, and other operating expenses of \$10,100 in fiscal year 2010 and \$2,100 in subsequent years. The 2.0 additional FTE to manage the Texas Rural Investment Fund would require annual salary costs of \$104,833, with related benefits of \$29,952, and related travel, equipment, and other operating expenses of \$16,200 in fiscal year 2010 and \$9,200 in subsequent years. Based on TDA's legislative appropriations request for 2010-11, it is estimated that the Texas Rural Investment Fund would provide \$4,849,012 in grants or loans in fiscal year 2010, and \$4,856,012 in grants or loans in subsequent years.

### **Technology**

The cost for computer equipment, software, and data center services would be \$11,200 in fiscal year 2010 and \$4,200 in subsequent years.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 116 Sunset Advisory Commission, 347 Public Finance Authority, 352 Bond Review Board, 551 Department of Agriculture, 304 Comptroller of Public Accounts, 332 Department of Housing and Community Affairs, 458 Alcoholic Beverage Commission, 576 Texas Forest Service, 582 Commission on Environmental Quality, 592 Soil and Water Conservation Board, 710 Texas A&M University System Administrative and General Offices, 802 Parks and Wildlife Department

**LBB Staff:** JOB, SD, KK, ZS, AH