

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 23, 2009

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

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 Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1016, As Passed 2nd House: a negative impact of (\$20,487,104) 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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$10,253,552)
2011	(\$10,233,552)
2012	(\$10,233,552)
2013	(\$10,233,552)
2014	(\$10,233,552)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Texas Agricultural Fund</i> 683	Change in Number of State Employees from FY 2009
2010	(\$10,253,552)	(\$150,988)	8.0
2011	(\$10,233,552)	(\$143,988)	8.0
2012	(\$10,233,552)	(\$143,988)	8.0
2013	(\$10,233,552)	(\$143,988)	8.0
2014	(\$10,233,552)	(\$143,988)	8.0

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 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 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 would create the nutrition outreach program to promote better health and nutrition programs and prevent obesity among children in this state.

The bill would authorize TDA to obtain criminal history record information on a person who: applies for a license issued by TDA; holds a license issued by TDA; requests a determination of eligibility for a license issued by TDA; is, or is an applicant to be, an employee, volunteer, or intern of TDA.

The bill would create the Texas Rural Investment Fund 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.

The bill would create the Rural Economic Development and Investment Program to encourage private economic development in rural areas. The financial assistance provided under this program would be used for: the acquisition or development of land, easements, or rights-of-way; attracting new private enterprises to rural counties and municipalities; the construction, extension, or other improvement of water or waste disposal facilities or transportation infrastructure; or any other activity relating to private economic development that will encourage economic and infrastructure development in a rural area.

The bill would establish the Texas Bioenergy Policy Council and the Texas Bioenergy Research Committee. The bill would require TDA to provide administrative support, including staff, to the Texas Bioenergy Policy Council and provide TDA the authority to allocate appropriate administrative support to the Texas Bioenergy Research Committee.

The bill would amend the Occupations Code relating to the regulation of structural pest control by TDA. The bill would: require certified commercial applicators and technicians to be associated with a structural pest control business license; modify the description of a person who is engaged in the business of structural pest control; modify the exemptions from the regulation of structural pest control; and modify the membership of the Structural Pest Control Advisory Committee.

The bill would amend the Agriculture Code to create the Texas Citrus Pest and Disease Management

Corporation, Inc. The corporation would be a Texas nonprofit corporation that would be recognized by TDA as the entity to plan, carry out, and operate suppression programs to manage and control the Asian citrus psyllid and citrus greening in citrus plants in Texas under the supervision of TDA.

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 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 8.0 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, 2.0 FTEs to manage the Texas Rural Investment Fund, 1.0 FTE to manage the Rural Economic Development and Investment Program, and 2.0 FTEs to provide administrative support for the Texas Bioenergy Policy Council and the Texas Bioenergy Research Committee.

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 FTEs 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.

Based on information provided by TDA, it is anticipated that the Rural Economic Development and Investment Program would provide \$4,922,005 in financial assistance in fiscal year 2010 and \$4,925,505 in subsequent years. The 1.0 additional FTE to assist in the administration of the program would require an annual salary of \$52,419, with estimated annual benefits costs of \$14,976. Related operating, travel and equipment costs are estimated to be \$10,600 in fiscal year 2010 and \$7,100 in subsequent years.

The annual salary costs for the 2.0 FTEs which would be required to provide administrative support for the Texas Bioenergy Policy Council and the Texas Bioenergy Research Committee is estimated to be \$88,667; the annual benefit costs are estimated to be \$25,332; and the related travel, equipment, and operating expenses are estimated to be \$62,058 in fiscal year 2010 and \$50,058 in subsequent years.

Technology

The cost for computer equipment, software, and data center services would be \$16,800 in fiscal year 2010 and \$6,300 in subsequent years.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

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

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