

SUBJECT: Farm and Ranch Recovery Act

COMMITTEE: Agriculture and Livestock — committee substitute recommended

VOTE: 8 ayes — Swinford, McReynolds, B. Brown, Christian, Crownover, Green, Hardcastle, Hupp

0 nays

1 absent — C. Jones

SENATE VOTE: On final passage, April 19 — voice vote

WITNESSES: For — None

Against — None

On — Jim Butler, Texas A&M System Agriculture Program

BACKGROUND: The Financial and Risk Management Assistance (FARM Assist) program began as a pilot program in two agricultural extension districts in the Texas Panhandle. It has been expanded statewide to 12 extension districts. This program helps farmers and ranchers with business decisions such as loan management, debt structure, retirement strategies, insurance, asset acquisition, and education on management alternatives. At a cost of \$250, participating individuals receive customized, comprehensive analyses of their businesses.

SB 472 by Ratliff, the emergency appropriations bill for fiscal 1998-99 enacted by the 76th Legislature, appropriated \$874,648 in general revenue to the Texas A&M Agricultural Extension Service to expand the FARM Assist program.

DIGEST: CSSB 705, the proposed Farm and Ranch Recovery Act, would establish a comprehensive state agricultural policy, state planning, and state assistance to address both changes in federal policy limiting federal crop subsidies and adverse weather conditions presenting a significant risk to Texas agricultural enterprises. The bill would create a Commodity Crisis Council; an

agricultural technology program and an agricultural technology fund; education programs in financial issues and risk management; an emergency hay transportation program and fund; and an emergency “leave from work” policy for state employees who are trained fire fighters volunteering to fight disastrous fires caused by drought conditions.

The bill would define an agricultural crisis as an event or condition jeopardizing an aspect of the agriculture industry, including adverse weather conditions, water shortages, disruption in transportation, low commodity prices, an animal health issue, crop disease, or insect infestation.

Commodity Crisis Council. CSSB 705 would require the agriculture commissioner to appoint a Commodity Crisis Council and would allow the appointment of a commodity crisis manager. The manager would be charged with mitigating the impact of agricultural crises, developing a state plan to prepare for recurring drought conditions, and managing the emergency hay program.

The council would have to include the manager, five representatives of the agriculture industry named by the commissioner, and representatives of the Texas Agricultural Extension Service, the State Soil and Water Conservation Board, and the Texas Forest Service, named by the heads of their respective agencies.

The council would have to advise the manager in the development of a state plan to address recurring drought conditions, report to the governor and the Legislature on each crisis, and make recommendations to the commissioner on the agricultural technology program. The council also would have to develop a program through the Texas Agricultural Extension Service to educate producers and the public about agricultural crises.

Agricultural technology program. The Texas Department of Agriculture (TDA) would have to develop and administer a program to provide support for eligible institutions to conduct research projects on methods to address agricultural crises in Texas. TDA would have to develop guidelines for providing awards to institutions of higher education on a competitive, peer-review basis. An institution would have to demonstrate the capacity to attract federal, state, and private research funding for scientific and technical research.

CSSB 705 would establish an agricultural technology account in the general revenue fund consisting of legislative appropriations, gifts, grants, and other money. Funds from the account would have to be used as much as possible as matching funds for grants. They would have to be used to support particular research projects, not for the general support of research, instruction, or construction. An institution receiving funds would have to give a progress report to TDA no later than September 1 of each year.

The commissioner would have to appoint a committee of agriculture industry and private technology representatives to evaluate the agri-tech program's effectiveness and report to TDA no later than September 1 of the second year of each fiscal biennium.

Agriculture risk management education programs. The Texas Agricultural Extension Service would have to administer a statewide financial and risk management assistance support system to help farmers and ranchers make long-term strategic planning decisions and to adjust their operations to new production, marketing, and financing situations. The support system could include computer and communications technology to provide individual long-term strategic farm or ranch planning.

The extension service would have to develop a statewide risk management education program to include instructional materials, instructors, and other resources in the areas of agriculture, regulation, and fiscal matters. The programs could be organized and delivered with the assistance of interested agricultural groups.

Emergency hay program. TDA would have to adopt rules and administer a program to transport hay during periods of natural disaster or other emergencies and would have to coordinate with other emergency relief programs of the governor's division of emergency management. The bill would create an emergency hay account in the general revenue fund that would consist of legislative appropriations and other monies, including gifts and grants solicited by TDA. TDA would have to:

- ! establish a reciprocal system of waivers to help facilitate interstate transport of hay;
- ! create a database to identify public and private haulers willing to donate transportation services;

- ! develop and promote a hay and grazing hotline to connect farmers needing feed with Texas hay sellers, out-of-state hay sellers and donors, donated transportation, and grazing leases in and out of Texas; and
- ! develop a plan, with periodic updates, to secure and manage transportation and local distribution of hay donations.

The agriculture commissioner could negotiate contracts with commercial haulers and certify them for use during a natural disaster or other emergency. Assistance would be available only to agricultural producers in a county declared a federal disaster area. The extension service would have to sign a memorandum of understanding with TDA to assist in administration of the hay program.

Leave of absence for volunteer fire fighters. CSSB 705 would allow volunteer fire fighters who are state employees to take leaves of absence without loss of compensation or termination to fight fires in an area designated as a federal disaster area due to drought. The state agency would have to verify that the person was trained as a volunteer fire fighter and had volunteered for duty.

This bill would take effect September 1, 1999.

**SUPPORTERS
SAY:**

Texas has suffered from serious drought for several years, causing severe economic pressure on many Texas farm families. As many as 20 percent of farmers still in business could be forced out this year by the combination of drought, low prices for crops, and decline in federal assistance. Hay and forage shortages, pests, disease, and other extreme weather also have contributed to the dismal picture of the Texas farm economy.

CSSB 705 is intended to establish a state policy that would help farmers over the long term as well as in immediate crises. It would provide mechanisms to support research into best means of dealing with agricultural crises, including weather problems. It also would help educate farmers in risk management, alternative production, and long-term strategic planning.

This kind of educational help was made available to farmers in the Panhandle through the FARM Assist pilot program, which has been highly successful.

CSSB 705 would expand the FARM Assist program statewide and would provide all Texas farmers with these important educational tools.

The bill would establish the Agricultural Technology (Agri-Tech) Program to provide crucial state support for applied agricultural research. This program would encourage research institutions to leverage funding and attract money from private industry and federal government. Some \$5 million for this program has been proposed in the Senate version of the general appropriations bill of fiscal 2000-01, and the federal government already has expressed interest in providing matching funds.

The Commodity Crisis Council and manager would focus on mitigating the effects of drought on agriculture, in coordination with the Texas Agricultural Extension Service, Soil and Water Conservation Board, and Texas Forest Service. The experts on this council would devise a state plan to address recurring drought conditions. They would make recommendations on what should be studied in the Agri-Tech program and would help increase public awareness and understanding of drought and other agricultural challenges.

CSSB 705 would establish an emergency hay program in response to last summer's shortage of hay and forage in Texas. In 1998, Texas farmers and livestock producers had very few options. CSSB 705 would establish a hotline to connect hay buyers and sellers, use volunteer labor and transportation to the fullest extent, and develop a plan to manage distribution of hay donations.

In response to the outbreak of wildfires resulting from the drought last year, CSSB 705 would allow state employees who are qualified volunteer fire fighters to leave work to help fight fires. This would provide additional personnel to help in dangerous situations that threaten farms and rural communities in declared disaster areas.

**OPPONENTS
SAY:**

Texas farmers may well need emergency relief and long-term planning tools. However, there are questions about whether the state should provide this through the Texas Agricultural Extension Service. Education of farmers about risk management and business management might be accomplished better

through private industry and consultants. Furthermore, Texas farmers have crop insurance to deal with natural disasters, including drought.

No other industry has received as much help from government as agriculture. This bill proposes even more government aid. The federal government has been moving the agriculture industry toward the free market and away from government subsidies in recent years. The state should not thwart these efforts by trying to fill the gap with state tax dollars.

Farmers should take the responsibility to educate themselves about commodity market forecasts, financial planning and decision making, and reducing risk. These are things that all other business owners must do for themselves, and farmers should be treated no differently.

Although there might be some benefit from studying the best measures to put in place to help farmers in times of drought, the agri-tech studies proposed in this bill would be applied to research addressing issues that otherwise might be addressed by private industry.

CSSB 705 would define an agricultural crisis far too broadly to cover nearly every unfortunate occurrence under the sun.

NOTES:

The House committee substitute deleted from the Senate version a section that would have established an interim committee on statewide agriculture policy. The substitute also amended the conditions for termination of the emergency hay program.

Article 6 of the Senate version of HB 1 by Junell, the general appropriations bill for fiscal 2000-01, contains riders that would appropriate \$5 million to TDA for the Agri-Tech program and \$1 million for the emergency hay program, contingent upon enactment of SB 705.