

SUBJECT: Modifying Go Texan Partner Program

COMMITTEE: Agriculture and Livestock — committee substitute recommended

VOTE: 7 ayes — Swinford, McReynolds, Christian, Hardcastle, Miller, Brown, Green

0 nays

2 absent — Hupp, Kolkhorst

WITNESSES: For — Steve Martin, GoTEPP Advisory Board; John M. McClung, Texas Produce Association and Texas Produce Marketing Cooperative; James K. Presnal, Texas Nursery and Landscape Association; Ray Prewett, Texas Citrus Mutual; Henry L. Riojas, Henry's Dream, Inc.; Jill Turner, Texas Farm Bureau

Against — None

On — Susan Combs, Texas Department of Agriculture

BACKGROUND: Agriculture Code, sec. 12.075 allows the Texas Department of Agriculture (TDA) to establish a program to promote products grown or made from ingredients grown in the state and to charge a membership fee not to exceed \$50 for each participant to recover promotional costs. TDA established the Go Texan program to promote Texas agricultural products and commodities, and the 76th Legislature enacted HB 2719 by Swinford, establishing the Go Texan Partner Program (GoTEPP) as a \$1 million matching-fund program. GoTEPP is open to producers, commodity groups, cooperatives, and small businesses that are members of Go Texan. Recipients match GoTEPP funds dollar for dollar.

DIGEST: CSHB 1797 would authorize TDA to establish a program to market as well as promote products grown or processed in Texas. The bill would delete the current statutory cap on the membership fee. TDA could adopt rules needed to administer the program, including rules governing the use of any registered

logo of the department, and could revoke a license issued to any program participant who did not comply with the rules.

The bill would add apicultural (beekeeping) and silvicultural (forestry) products to the definition of "Texas agricultural products," along with equine species, livestock or poultry feed, aquatic species other than fish, livestock and by-products, and wildlife processed for food or by-products.

CSHB 1797 would allow TDA to solicit and accept donations for deposit into the GoTEPP account. TDA could use up to \$5,000 in a fiscal year to buy food and beverages at Go Texan promotional events. The program's administrative expenses could not exceed 7 percent of GoTEPP's biennial appropriation, as opposed to 7 percent of the average account balance, as in current law.

TDA could sell or contract for sale of Go Texan promotional items designed to promote Texas agricultural products. TDA could use its Internet web site to advertise and sell those items. Proceeds would have to be deposited to the credit of the GoTEPP account.

CSHB 1797 would change the composition of the GoTEPP advisory board. Instead of two representatives from TDA, there could be only one. The representative of the U.S. Department of Agriculture Commodity Credit Corp. would be a nonvoting member and would not be considered a member for purposes of establishing a quorum. The bill would add to the board one representative of the Internet web site or electronic commerce industry and one representative with demonstrated expertise in economic analysis.

The bill would require the Texas Department of Transportation specifically to issue Go Texan license plates for farm tractors, trailers, and semitrailers, truck tractors, and other commercial motor vehicles, as well as for passenger cars and light trucks.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2001.

SUPPORTERS
SAY:

CSHB 1797 is a clean-up bill that would enable GoTEPP to operate more efficiently as a model for collaboration between government and industry. TDA could adopt rules to administer the program and could revoke participation rights to ensure the success of this collaboration.

CSHB 1797 would continue the success of GoTEPP and the good use of public money. By January 2001, nine GoTEPP projects had been completed with a total expenditure of \$226,000 in state funds. These projects generated an economic impact estimated at \$1.27 million, representing a 340 percent return on invested matching funds, and \$312,599 in economic value added.

GoTEPP participants experience cost savings beyond the matching amounts supplied by the state, price increases due to promotional activities, staff increases to help meet demands generated by promotions, increases in customer awareness, and increases in market share. GoTEPP-funded promotions also enable participants to launch new products successfully and to expand the scope of promotion for their products.

CSHB 1797 would enhance GoTEPP promotional events by allowing TDA to buy food and beverages for the public. The sale of promotional items such as clothing and license plates would generate more money for the program and provide more free advertising for the program and its participants.

OPPONENTS
SAY:

No apparent opposition.

NOTES:

The committee substitute modified the filed version to conform to the Texas Legislative Council format.

Both the House- and Senate-approved versions of SB 1 by Ellis, the general appropriations bill for fiscal 2002-03, would allocate \$1 million in general revenue to continue GoTEPP, to be matched by \$1 million from program participants. An item in the Article 11 “wish list” of both bills would provide an additional \$2 million for the program.

The companion bill, SB 571 by Lucio, passed the Senate on March 15 on the Local and Uncontested Calendar and was reported favorably, as substituted

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by the House Agriculture and Livestock Committee on March 22, making it eligible for consideration in lieu of HB 1797.