

SUBJECT: Appropriating fees generated through regulation of poultry purveyors

COMMITTEE: Appropriations — committee substitute recommended

VOTE: 18 ayes — Heflin, Luna, Berman, B. Brown, F. Brown, Crownover, J. Davis, Deshotel, Dukes, Eiland, Gutierrez, Hope, Isett, E. Jones, Menendez, Pickett, Pitts, Stick

0 nays

11 absent — Branch, Ellis, Hamric, Hupp, Kolkhorst, McClendon, Raymond, Solis, Truitt, Turner, Wohlgemuth

WITNESSES: None

BACKGROUND: The 78th Legislature during its regular session enacted HB 2328 by McReynolds, et al., requiring sellers, distributors, and transporters of live domestic or exotic fowl who do not participate in a recognized disease surveillance program to register with the Texas Animal Health Commission (TAHC), effective February 1, 2004.

Generally, when pending legislation would generate fee revenue, lawmakers adopt a contingency rider in the general appropriations act, giving direction to appropriate the funds if the bill becomes law and the fees are generated. HB 1 by Heflin, the general appropriations act for fiscal 2004-05, contains no contingency rider for HB 2328.

DIGEST: CSHB 12 would appropriate fees collected from registration of poultry purveyors to TAHC for the purposes of administering the registration requirement. Any future increases in the cost of state employee benefits connected with administration of HB 2328 would have to be paid by the fee-generated funds.

The bill would take effect September 1, 2003, if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect November 1, 2003.

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**SUPPORTERS SAY:** The changes in CSHB 12 would clarify that TAHC has the authority to use the funds it will collect from registration of poultry purveyors. The omission of such direction during the regular session was an oversight and should be corrected to ensure that the agency can implement the legislation in a timely manner. The provision relating to future increases in the cost of state employee benefits also would correct an oversight. It is a standard provision that typically is applied to self-funding programs.

It is important to ensure that TAHC has the resources it needs to implement HB 2328 in order to manage an emergency response to disease outbreak among chickens and turkeys, or among exotics such as emu and ostrich. The poultry industry contributes \$4 billion annually to the Texas economy, the fourth largest revenue generator for Texas agriculture.

There is no need for this bill to provide for additional employees. If TAHC discovers during the interim that it cannot staff the regulatory program with existing employees, it can work with the Legislative Budget Board to adjust the agency's staffing levels.

**OPPONENTS SAY:** CSHB 12 would fail to correct another oversight — the lack of authority for new employees to implement the legislation. The fiscal note attached to HB 2328 identified the need for four inspectors, one clerk, and one administrative technician to notify poultry purveyors of the law and to collect the fees.

**NOTES:** The fiscal note for CSHB 12 estimates a general revenue cost of \$345,000 in fiscal 2004-05.

The committee substitute added the provision relating increases in the cost of state employee benefits due to administration of the regulations.

CSHB 12 is substantially similar to two other bills on today's calendar: CSHB 9 by Heflin, concerning fees generated by the regulation of electricians, and CSHB 11 by Heflin, concerning fees generated by the regulation of dry cleaners.