

SUBJECT: Advisory council and optional fee for floral and nursery industries

COMMITTEE: Agriculture and Livestock — committee substitute recommended

VOTE: 8 ayes — Gonzalez Toureilles, Anderson, B. Brown, Crabb, Hardcastle, Kleinschmidt, Rios Ybarra, Swinford

0 nays

1 absent — Heflin

WITNESSES: For — Jim Reaves, Texas Nursery and Landscape Association,
(*Registered, but did not testify:* Bob Turner, Texas Poultry Federation, Texas Sheep and Goat Raisers Association)

Against — None

On —(*Registered, but did not testify,* Catherine Wright-Steele, Texas Department of Agriculture)

BACKGROUND: Agriculture Code, secs. 71.043 and 71.0557 require florists, nursery owners, nursery dealers, and nursery agents to pay an annual license registration or renewal fee to the Texas Department of Agriculture (TDA). The fee varies depending on the size and location of the florist or nursery and ranges from between \$75 and \$180. The \$180 fee is paid by mobile floral operators who may conduct business in several different locations.

DIGEST: CSHB 3496 would set up a nursery and floral account in the general revenue fund. The money in the account would be used for making grants to promote the Texas nursery and floral industry. The account would be funded by an optional 15 percent increase in annual licensing fees paid by florists, nursery owners, nursery dealers, and nursery agents. Money in the account also could be used to pay for administrative expenses.

The bill also would establish the Texas Nursery and Floral Advisory Council, consisting of seven members appointed by the TDA commissioner, which would advise TDA on the best ways to promote the nursery and floral industries. The council members each would have at least five years of experience in the nursery, floral, or landscaping

industry. Council members would not be entitled to expense reimbursements or be subject to rules that are generally applicable to state agency advisory committees.

The 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, 2009. The optional fee increase would only apply to annual license registration fees paid after the effective date.

**SUPPORTERS
SAY:**

HB 3496 would allow the Texas floral and nursery industry to promote their products by using a proven marketing strategy. Industry programs like the one encouraged by this bill have been extremely successful in other agricultural industries. The widely known "Got Milk?" advertising campaign began as a state-level industry program in California. The campaign was able to reach 90 percent of consumers and stopped the declining consumption trend in the California dairy industry. The Texas Nursery and Floral Advisory Council, created by the bill, would be able to launch a similar marketing campaign for the Texas floral and nursery industries.

Although sales have been declining in the floral industry, public attitudes are still favorable toward flowers. Flowers are products that trigger strong emotional reactions in consumers, an attribute that can be used as an asset in marketing. Additionally, flowers are perishable and can be given on a recurring basis. Establishing a marketing program would harness existing positive attitudes about floral industry products to increase consumer participation. CSHB 3496 would allow the floral industry to capitalize upon its strengths in the effort to end declining sales.

The program set up by CSHB 3496 would likely have a high cost-to-benefit ratio. If the program attained a 100 percent participation rate, it could generate an estimated \$230,000 annually. Since the Texas Nursery and Floral Advisory Council would not receive compensation or travel reimbursements, a larger percentage of program revenue would be available to finance marketing initiatives. Industry members already have expressed interest in contributing to an industry-supported marketing campaign.

The program set up by the bill would be entirely voluntary, allowing florists and nursery owners to decide whether to participate. Mandatory industry fees have been under legal scrutiny in the past, but the program

created by CSHB 3496 would be elective. CSHB 3496 clearly states that florists and nursery owners could choose not to pay the additional 15 percent fee without penalty.

OPPONENTS
SAY:

There is no evidence to suggest that florists and nursery owners would choose to pay the fee associated with this program. The nursery and floral industries already are experiencing financial difficulty, and it is unlikely that florists would opt to pay an additional 15 percent on top of their annual registration fees. If industry members chose not to participate in the program, it would have no benefit to the floral and nursery industries.

NOTES:

The committee substitute differs from the original in making optional for license applicants payment of the 15-percent fee increase.