

BILL ANALYSIS

Senate Research Center

S.B. 706
By: Ogden
Finance
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As Filed

DIGEST

The 1998 drought is one of the worst in recorded history for agricultural producers in Texas. The combined loss from crops, livestock, and forestry totaled nearly \$2.5 million, with a negative impact on the economy of nearly \$6 billion. Last year, the crop value of cotton, corn, grain, sorghum, and hay dropped 23 percent, while livestock value dropped 12 percent. Federal relief efforts and crop insurance do not cover these types of losses. S.B. 706 would establish a framework for the state to provide relief to agricultural producers who suffered uninsurable losses during a federal disaster, and would provide agricultural producers an economic incentive to remain in production.

PURPOSE

As proposed, S.B. 706 provides disaster relief to agricultural producers, and an economic incentive to remain in production; also provides penalties for fraud.

RULEMAKING AUTHORITY

Rulemaking authority is granted to Texas Department of Agriculture in SECTION 1 (Sections 255.004 and 255.011, Agriculture Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title 8, Agriculture Code, by adding Chapter 255, as follows:

CHAPTER 255. DISASTER RELIEF PROGRAM

Sec. 255.001. DEFINITION. Defines "agriculture," "commissioner," and "department."

Sec. 255.002. FINDINGS. Sets forth findings of the legislature regarding agriculture.

Sec. 255.003. PURPOSES. Sets forth certain purposes of this chapter.

Sec. 255.004. AGRICULTURAL DISASTER RELIEF PROGRAM. Authorizes the Texas Department of Agriculture (department) to adopt rules and administer an agricultural disaster relief program to be implemented by order of the governor in a county which has been declared a federal disaster area.

Sec. 255.005. IMPLEMENTATION OF PROGRAM. Provides that this chapter is implemented only by order of the governor and is subject to specific appropriation by the legislature. Authorizes the legislature to appropriate funds to provide assistance for one or more of the agricultural sciences as described by Section 255.001(a). Provides that any unexpected funds appropriated for the purposes of this chapter are subject to Section 403.095, Government Code.

Sec. 255.006. DISASTER RELIEF REIMBURSEMENT. Authorizes a person eligible for reimbursement under this chapter to apply for reimbursement of a portion of the person's feed, seed, seedling, and fertilizer costs incurred in the year following a federal disaster declaration on the land described by Section 255.007, subject to Section 255.006. Provides that the maximum reimbursement allowed to a person under this chapter is the least of 30 percent of the costs described by Subsection (a); \$15,000; or two times the amount of property taxes paid on the land described by Section 255.007 for the year during which the disaster occurred.

Sec. 255.007. ELIGIBILITY FOR REIMBURSEMENT. Provides that a person engaged in agriculture as a commercial endeavor who has suffered uninsurable economic loss as a result of a disaster and has not received federal relief funds to address that loss is eligible to receive reimbursement under this chapter on certain land.

Sec. 255.008. APPLICATION REQUIREMENTS. Requires the department to make application forms for reimbursement available through the county offices of the Texas Agricultural Extension Service. Requires an applicant to submit with the application certain information.

Sec. 255.009. APPROVAL OF APPLICATION. Requires the department to institute an application period not to exceed 90 days to the greatest extent possible. Provides that the department has sole authority to approve applications under this chapter. Requires the department to pay the person the appropriate amount of reimbursement under Section 255.006, if the department approves an application. Requires the department to pay the claims on a pro rata basis, if insufficient funds are available to pay in full all claims for reimbursement approved in any year.

Sec. 255.010. FRAUD. Provides that a person commits fraud, if the person intentionally or knowingly makes a false statement or supplies false information, or directs another person to make a false statement or supply false information, in an application, receipt, or record required under this chapter. Provides that an offense under this section is a state jail felony.

Sec. 255.011. ADMINISTRATION. Requires the department to administer this chapter and to adopt rules for that purpose, including rules for the verification of eligibility for reimbursement and rules for application for reimbursement. Authorizes the department to contract with a state or federal agency to assist the department in administering this chapter.

SECTION 11. Effective date: September 1, 1999.

SECTION 12. Emergency clause.