

**SENATE COMMITTEE ON
AGRICULTURE, RURAL AFFAIRS
AND HOMELAND SECURITY**

**INTERIM REPORT TO THE
83RD LEGISLATURE**

February 2013

Members:
Senator Craig Estes, Chair
Senator Glenn Hegar
Senator Juan "Chuy" Hinojosa
Senator Mike Jackson
Senator Carlos Uresti



Rm. 455 Sam Houston Bldg.
Austin, Texas 78701
Phone: 512/463-0340
Fax: 512/463-2293

Senate Committee on Agriculture, Rural Affairs and Homeland Security

February 06, 2013

The Honorable David Dewhurst
Lieutenant Governor of Texas
Members of the Texas Senate
Texas State Capitol
Austin, Texas 78701

Dear Governor Dewhurst and Fellow Members:

The Senate Committee on Agriculture, Rural Affairs and Homeland Security of the Eighty-second Interim Legislature hereby submits its interim report including recommendations for consideration by the Eighty-third Legislature.

Respectfully submitted,



Senator Craig Estes, Chair



Senator Carlos Uresti, Vice-Chair



Senator Mike Jackson



Senator Juan "Chuy" Hinojosa



Senator Glenn Hegar

CAPITOL OFFICE
P.O. Box 12068
ROOM EL706
AUSTIN, TEXAS 78711
(512) 463-0119
FAX: (512) 463-1017
DIAL 711 FOR RELAY CALLS

EAGLE PASS DISTRICT OFFICE
MAVERICK COUNTY COURTHOUSE
501 EAST MAIN STREET, SUITE 114
EAGLE PASS, TEXAS 78852
(830) 758-0294
FAX: (830) 758-0402

The Senate of The State of Texas



Senator Carlos Hresti District 19

SAN ANTONIO DISTRICT OFFICE
FALCON INTERNATIONAL BANK
2530 SW MILITARY DR., SUITE 103
SAN ANTONIO, TEXAS 78224
(210) 932-2568
FAX: (210) 932-2572

PECOS DISTRICT OFFICE
312 SOUTH CEDAR
PECOS, TEXAS 79772
(432) 447-0270
FAX: (432) 447-0275

DIAL TOLL FREE: 1-800-459-0119

Jan. 29, 2013

Sen. Craig Estes
Chairman, Senate Committee on Agriculture, Rural Affairs and Homeland Security
P.O. Box 12068
Austin, TX 78711

Dear Chairman Estes,

We want to thank you and your staff for the work on the interim report produced by the committee for the 83rd Legislature. While we are signing the report because we agree with most of its findings, we want to express our concerns and disagreement with some statements and the tone in the final section of the document, and would like our objections noted.

Charge #6 asked the committee to monitor the implementation and effects of current and proposed federal laws and regulations that may affect the Texas farming and ranching industry. The committee heard no testimony on this charge, and the section makes what we believe to be several subjective claims, mostly related to the Environmental Protection Agency and the electric-generating and energy industries.

For example, the statement that "many of EPA's rules limit job growth" is debatable. Regulations such as those that restrict pollutants from factories and power plants not only improve the health of our residents, they also have great potential to create job opportunities for companies that manufacture and install pollution-control equipment.

Because of the importance of the committee's work and its influence on state agriculture policy and rural communities, we feel strongly that the report should not reflect subjective beliefs, opinions, or political rhetoric from Republican-leaning organizations. The report should address a broad range of public policy issues and at the very least present both sides of those issues.

As to the political tone of the report, we fail to see how the mention of Attorney General Abbott's success in four court challenges against the EPA relates to our outlined charge. Indeed, the report mentions that the Attorney General filed 16 cases against the agency, winning four, thus giving him a success rate of only 25 percent. If anything, one could argue that those numbers imply that the EPA's directives regarding Texas were not only justified but legal.



CARLOS URESTI
TEXAS STATE SENATOR
DISTRICT 19

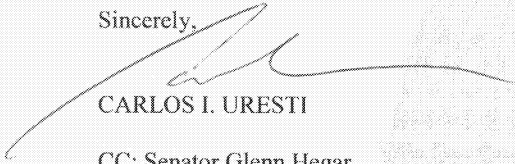
The report later discusses independent producers and enumerates three "threats" to our becoming "an energy-independent nation." The citation given is not of testimony before this committee, nor was it testimony presented to any Texas legislative body. We are troubled that the report is utilizing a statement out of context of the charge before us. Further, the three statements made are not substantiated and make overtly subjective assertions.

It is not until the report addresses renewable fuel standards that this section begins to directly address the charge before the committee.

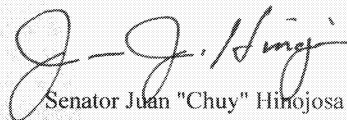
Other federal issues that could have been addressed are the closure of U.S. Department of Agriculture livestock-inspection stations along the Texas border and proposed EPA changes to the Concentrated Animal Feeding Operations Inspection Program, which would increase reporting requirements and federal oversight of facilities that traditionally have not required permits or have been regulated by the states.

Finally, as to the homeland security component of the recommendations, we look forward to working with you and our committee colleagues on this added duty. We believe the committee should address the issue of undocumented border crossings and border security and are committed to crafting solutions that will respect the civil rights of all our citizens.

Sincerely,



CARLOS I. URESTI



Senator Juan "Chuy" Hinojosa

CC: Senator Glenn Hegar

Table of Contents

Introductions of Charges and Hearings.....	8
Charge 1: Investment, Employment and Production in Texas Agriculture	10
Background and History	10
Current Land Use and Market Trends in Agriculture.....	11
Supporting and Enhancing Small Farm and Ranch Operations.....	12
Recommendations.....	15
Charge 2: Federal, State and Local Safeguards Regarding Seafood in Texas.....	17
Background and History	18
Oversight.....	19
Imported Seafood.....	21
Recommendations.....	23
Charge 3: Texas Veterinary Medical Workforce.....	24
Background and History	24
Student Loan Forgiveness Programs	25
Veterinary Technology Programs	26
Recommendations.....	27
Charge 4: Horse Slaughter Facilities	28
Background and History	28
Texas State Law on Horse Slaughter	29
Impact on the Equine Industry and Agricultural Sector	30
Opposition to Horse Slaughter.....	32
Transportation of Equine	33
Recommendations.....	34
Charge 5: Initiatives in Reducing Obesity and Diet-related Disease.....	35
Background and History	36
Recommendations.....	38
Charge 6: Implementation of Past Legislation.....	40
Overview of Legislation from the 82nd Regular Session.....	40
Current and Proposed Federal Laws and EPA Regulations.....	42
Recommendations.....	44

Introductions of Charges and Hearings

Lieutenant Governor Dewhurst directed the Senate Committee on Agriculture and Rural Affairs to review the following issues:

Charge 1: Study and make recommendations for ways to increase investment, employment and production in Texas agriculture. Include a review of current land use and market trends as they relate to agricultural use and make recommendations for ways to support and enhance small farm and ranch operations.

Charge 2: Study current federal, state and local safeguards regarding seafood consumption in Texas. Review existing academic studies, and federal, state, and private data relating to the safety of imported seafood, and provide recommendations on the need for additional studies and testing related to safety advisories for the public.

Charge 3: Assess the current veterinary medical workforce, and make recommendations to address any disparities between small animal (companion) and large animal (food/fiber) veterinarians. Review the Rural Veterinary Medical Loan program (RVML) and make recommendations to enhance the use of RVML funds and other funding sources to increase the veterinary medical workforce.

Charge 4: Review the impact of state laws relating to the closure of horse slaughter facilities across the United States. Analyze the impact on the equine industry and agricultural sector of the Texas economy.

Charge 5: Examine ways to increase the use of Texas agricultural products in healthy foods readily available to Texas consumers. Evaluate the role of community initiatives in reducing obesity and diet-related diseases and make recommendations to support state and local efforts.

Charge 6: Monitor the implementation of legislation addressed by the Senate Committee on Agriculture & Rural Affairs, 82nd Legislature, Regular and Called Sessions, and make recommendations for any legislation needed to improve, enhance, and/or complete implementation. Specifically, monitor the implementation and effects of current and proposed federal laws and regulations, including Environmental Protection Agency initiatives that may impact the Texas farming and ranching industry.

The Senate Committee on Agriculture and Rural Affairs held two interim hearings on the above charges:

July 10, 2012, Austin, Texas

September 11, 2012, Austin, Texas

Charge 1: Investment, Employment and Production in Texas Agriculture

Background and History

Job creation remains a top priority for Texans as the nation continues to rebound from an economic recession and agriculture plays a key role in moving towards that goal. Agriculture is the second largest resource-based industry in Texas, with three-fourths of state lands being utilized for agriculture purposes. One in seven Texans is employed in the agriculture industry, which contributes more than \$10 billion annually to the state economy.ⁱ

Texas Agriculture faces many challenges. Farmers and ranchers are confronted with economic uncertainties, tight credit and drought. Additionally, the average age of Texas farmers is rising, with only 6 percent of the state's farm operators under 35 years old.ⁱⁱ State leaders continue to seek innovative solutions and partnerships to address the need for a skilled workforce in Texas. As job numbers continue to grow, it is important that programs are available to guarantee that an educated and skilled workforce will be ready to take on newly created jobs.

Spotlight on Local Projects:

- Local workshops hosted by Texas Agrilife Research and Extension Centers focus on alternative crops and how to make profitable decisions.
- Workshops hosted by the Texas and Southwestern Cattle Raisers Association are held throughout the state to educate property owners on methods to prevent cattle theft and protect property.
- The Association of Rural Communities in Texas work with state agencies to hold meetings throughout the state that focus on rural programs and available funding.
- The Texas Travel Industry Association facilitates community tourism workshops, providing advice on tools and strategies that communities can use to build and sustain local tourism.ⁱⁱⁱ
- Texas Agrilife Extension Service viticulture advisors and the Texas Wine and Grape Growers Association hold regional meetings to educate local farmers about resources available to assist with growing wine grapes in various Texas localities.

Current Land Use and Market Trends in Agriculture

Texas' open spaces are of great value to all Texans. These beautiful and diverse undeveloped lands support wildlife habitats and a \$100 billion outdoor recreation industry.^{iv} The State's coastal communities rely on open space to mitigate the impacts of hurricanes and flooding, military bases need buffers of open space around installations to train troops and state parks rely on the surrounding open space to maintain their pristine nature. Within the United States, Texas has one of the largest percentages of privately-owned lands, with approximately 142 million acres of privately owned farms, ranches, and timberlands. Unfortunately, the State is also losing agricultural lands at one of the fastest rates in the country.

Texas loses approximately 1.5 million acres to development every ten years. At the same time, another 3.5 million acres are fragmented into smaller and smaller parcels.^v As land values increase, families find that their estate tax planning efforts cannot keep up, and a portion or sometimes all of the property must be sold to pay taxes on the property. This situation is compounded by the fact that the next generation is often not willing or financially able to return to the farm or ranch. According to the United States Department of Agriculture (USDA), an estimated 70 percent of U.S. farmland will change ownership in the next 10 to 20 years.^{vi} This turnover has a direct impact on rural communities as smaller properties become less sustainable and the increased demand for social services strains county budgets.

This trend is important due to the strong connection between privately-owned and managed lands and other public policy priorities such as water. With 84% of the state land base privately owned, how that land is managed and its ability to capture, recharge and clean water directly impacts many sources of drinking water. Water that flows under and through private Texas lands also impacts the State's streams, bays and estuaries that provide habitats for many species.

Private lands also provide food and fiber to millions of Texans. Texas is the second-largest agricultural state in the United States, accounting for approximately seven percent of the total U.S. agricultural income. These dollars have a compounding positive effect on communities by supporting local businesses such as implement dealers, veterinarian services, hardware and feed

stores. Just as significant is the implication for our national security when we start outsourcing our food production. Much talk, thought and action has been devoted to protecting our energy sources in other parts of the world, but very little to the strategic importance of our food supply.

In many areas around the country, publicly-funded Purchase of Development Rights (PDR) programs are used at the state, county and municipal levels of government to protect agricultural lands. As of 2011, there were 25 PDR state programs in the U.S. and 88 PDR programs at the county level. These programs are used to match funds available for agricultural land protection through the USDA.

One example of an agriculture land protection effort is the New York Watershed Agricultural Program. In the late 1980's, the Environmental Protection Agency mandated that New York City build a new drinking water filtration facility that was estimated to cost between \$4 billion and \$6 billion in public funds, in addition to the estimated \$250 million in annual operation expenses. Rather than build this costly facility, New York City sought to protect the quality of its source by purchasing conservation easements on dairy farms surrounding the upstate highland lakes area. The city spent approximately \$70 million on easements and improvements, no longer needed the filtration facility, and strengthened what was at the time a faltering dairy industry.

Texas lags behind other states in creating PDR or similar programs, and also lags behind other states in utilizing the federal funds available through USDA to protect agriculture lands. However, some advancements have been made in recent years. In 2007, with the passage of SB3, the Legislature recognized the public benefit of private lands by amending the water code to recognize the role of private lands and to call for the development of policies that encourage voluntary land stewardship. In 2005, the Legislature created the Texas Farm & Ranch Lands Conservation Program, a PDR program that has largely been unfunded, and in 2011, the Legislature clarified that counties have the ability to use funds to purchase easements.

Supporting and Enhancing Small Farm and Ranch Operations

Studies have shown that most new small acreage landowners, over 85% according to some surveys, have no agricultural background, and over half are at least two generations removed from agriculture. Many of these new small business owners need educational programs to

include information on tax laws, property valuation, landowner liability, environmental stewardship, and livestock or wildlife management.^{vii}

To meet this need, AgriLife Extension specialists and agents have developed publications, webinars and other resources through the development of a special task force with statewide responsibility for small acreage management programs. AgriLife Extension conducted 127 workshops and seminars in 2011 targeted to the needs of small farm and ranch owners.

AgriLife Extension Workshops and Seminars in 2011:

- The Alamo Area Landowner Stewardship (AALS) Series in Bexar County provided four sessions with participation ranging from 18 to 60 people in each session. Topics included livestock, wildlife, water, and brush and weed management.
- The Small Acreage Landowner Educational Series in Hidalgo County provided eight educational sessions with participation ranging from 17 to 49 people in each session. Topics included vegetable production, blackberry production, and organic pineapple production.
- The Small Acreage Landowner Educational Series in Collin County provided five education sessions with attendance ranging from 18 to 56 people for each session. Topics included horticultural crops, pesticide safety, pond management, feral hog management and managing Bermuda grass pastures.
- The North Central Texas Ag Basic Skills Field Day is an annual event held in McKinney. Approximately 160 people attended the field day in 2011.

According to AgriLife Extension, trends show the number of small farms in Texas will increase in the future and the need for information and educational programs for these landowners will continue to grow. The interest and educational needs of the small farm operators are very diverse. Outreach education will help provide much of the support needed to enhance small farm and ranch operations.

Additionally, the Texas Department of Agriculture administers several programs that benefit small farm and ranch operations including low interest loans and grants through the Texas

Agricultural Finance Authority and access to highly successful branding and consumer education programs.

The Texas Agriculture Finance Authority (TAFE) was created by the Legislature in 1987 and provides financial assistance to creditworthy individuals and businesses for the expansion, development and diversification of Texas agricultural businesses.

Summary of TAFE Programs

Agricultural Loan Guarantee

The program provides guarantees based on a tiered structure, not to exceed \$750,000 or 70% of the loan amount, whichever is less. The program also provides an interest rebate as part of the guarantee process to eligible borrowers.

Interest Rate Reduction

TAFE can facilitate commercial lending that may result in lower interest rates compared to current market rates. Any person who proposes to use the proceeds to further accomplish the state's goal of fostering the creation and expansion of an agricultural business in Texas is eligible.

Young Farmer Interest Rate Reduction

The Young Farmer Interest Rate Reduction program is similar to the above Interest Rate Reduction program, but is specially tailored to young farmers between the ages of 18 and 46.

Young Farmer Grant

Applicant (18 to 46 years old) must be able to make dollar-for-dollar matching expenditures to sustain, create or expand the proposed project. Individual grants may range from \$5,000 to \$10,000.

The above four TAFE programs are designed to assist hard-working Texans who want to enhance their farm or ranch operations and establish an ag-related business. With more than 80 percent of the state's farm operators over 45 years old, special focus is on young farmers, including interest rate reductions and competitive grants for up to \$10,000. TAFE marketing efforts target rural bankers, Farm Credit institutions, producer groups and individual agricultural producers.

Small farm and ranch operators can also access several branding and consumer education programs at TDA to market their Texas products. GO TEXAN programs promote Texas-specific agriculture products and surveys show that GO TEXAN membership can have a direct and measurable positive impact on sales.^{viii} These programs assist small farm and ranch operators by increasing consumer confidence and encouraging economic development in rural areas.

TDA uses the widely-recognized GO TEXAN program and its distinctive GO TEXAN design and promotional mark to create name-brand recognition for Texas products, communities and businesses (such as restaurants and wildlife/recreational businesses). GO TEXAN initiatives and technical assistance from TDA help businesses broaden access to national and international markets while serving to strengthen and diversify the Texas economy. Although the Texas Legislature continued to find value in the state's return on investment from these programs, 95 percent of general revenue funding was cut in the 2012/2013 biennium due to state revenue shortfalls. In response to these and other agency budget cuts, TDA re-organized many agency functions into self-sustaining models.

Changes to the GO TEXAN program include implementation of a tiered membership fee structure for the program; GO TEXAN merchandise sales; advertising opportunities and increased participation in federal grant programs. Although some programs were abolished, the agency continues to maintain the state's long-term investment into the GO TEXAN brand and core functions such as management of the Food and Fiber Pavilion at the State Fair of Texas and the popular GO TEXAN Partner Program matching grants. TDA has not requested exceptional items in its 2014/2015 LAR to restore the funding cuts, but it is important for TDA to have the flexibility to adapt the program structure to maximize resources and respond to the needs of Texas producers and businesses.

Recommendations

- The Committee recommends the Texas Legislature continue funding for the information and educational programs targeted to small farms in Texas, such as those programs at Texas A&M AgriLife Extension. The interest and educational needs of the small farm and ranch operators are very diverse. These men and women are small business owners

and outreach education will help provide much of the support needed to enhance small farm and ranch operations throughout Texas.

- The Committee recommends the Texas Legislature consider funding for programs such as the already established Texas Farm & Ranch Lands Conservation Program to pull down federal funds through USDA agricultural lands protection programs.
- The Committee finds that Regional Water Planning Groups should consider including watershed protection on private lands when evaluating water management strategies and preparing plans to be included in regional water plans.
- The Committee recognizes the impressive advocacy work of the Texas Agricultural Land Trust, a private non-profit 501c3 created in 2007 by leaders from Texas Farm Bureau, Texas & Southwestern Cattle Raisers Association, and Texas Wildlife Association. The Texas Agricultural Land Trust works with landowners to protect privately-owned agricultural lands and is committed to educating the public about the benefits of private lands stewardship. The Committee encourages the Texas Agricultural Land Trust to continue working with the Texas Legislature, county governments and municipalities to identify public-private partnerships like the New York Watershed Agricultural Program that are win-win solutions for agriculture and the state's citizens who depend on the natural resources provided by private lands.

Charge 2: Federal, State and Local Safeguards Regarding Seafood in Texas

Background and History

Public trust in food safety directly impacts agriculture production. Producers, industry, and those regulating food safety must work together to ensure the public that Texas products are safe for consumption. Increasing investment and productivity while also focusing on food safety will help protect and promote our agricultural industries and benefit our economy.

Food safety is a critical issue with deadly consequences. In 2006, bagged spinach was found to be contaminated with a particularly dangerous strain of E. coli. The outbreak caused illness in approximately 26 states and caused the death of at least three people.^{ix} As a result, restaurants and universities stopped serving spinach, the industry laid off hundreds of workers, and the spinach industry lost an estimated \$100 million.^x

As recently as September 2012 a California company recalled 76 types of peanut butter and almond butter after one of its products was linked to a salmonella outbreak at Trader Joe's groceries. Sunland Incorporated recalled the products under multiple brand names after the Food and Drug Administration and the U.S. Center for Disease Control (CDC) linked 29 salmonella illnesses in 18 states to Trader Joe's Creamy Salted Valencia Peanut Butter.

The CDC is responsible for reporting and investigating the number of food safety infections from Salmonella, E. coli and other biological contaminants. The CDC estimates that for every one reported case of Salmonella there are 38 unreported cases and that for every one reported case of E. coli there are 20 unreported cases. The Texas Department of State Health Services (DSHS) estimates there are 6 million illnesses, 26,000 hospitalizations, and 400 deaths in Texas each year due to food-related contamination.

The food safety structure is ill-equipped to address these statistics because it is fragmented into federal, state, and local systems. A January 2011 report issued by the Texas Legislative Budget Board found that Texas lacks a cohesive strategy for managing food related licenses, regulating aquaculture, monitoring foodborne pathogens, and regulating the bottled water industry. By

improving communication between state agencies and authorizing agencies to regulate food-related industries, the state can improve the safety of the food supply in Texas.^{xi}

Oversight

Currently, the responsibility for the quality and safety of the food supply in Texas is tiered between federal, state and local agencies. It is estimated that the U.S. Food and Drug Administration (FDA) regulates approximately 80 percent of the food in the United States.^{xii} Specifically, the FDA regulates shell eggs, food manufacturers, food warehouses, food shippers, food additives, food labeling, dairy and shellfish. However nearly half of the food manufacturers who are required to register with the FDA do not provide accurate contact information, creating serious gaps in the government's ability to ensure safety by tracing food as it moves through the supply chain.^{xiii} This lack of information at the federal level hampers the state and local departments' ability to contact food facilities in an emergency and work the multitude of issues connected with foodborne outbreaks.

The USDA regulates the areas in which the FDA does not have jurisdiction. This includes regulating the slaughter of livestock for human consumption, the grading of eggs, liquid eggs and dehydrated eggs, organic produce and meat along with manufactured products made from organic ingredients. The USDA also tests animals for excessive antibiotics or other chemicals and diseases.^{xiv}

The USDA Food Safety and Inspection Service (FSIS) pays 50 percent of the costs of the State's meat and poultry inspection program, which only inspects products to be sold in intrastate commerce. This is the only program that requires on-site inspections on a daily basis. All animals going to slaughter are examined, as are their carcasses before they are approved for processing. Texas is recognized by USDA/FSIS as an "equal to" state, meaning that the inspections and oversight of meat and poultry slaughtering, processing, and distribution follow federal requirements.^{xv}

Texas is only one of two states that have all food and drug safety programs in the same agency, dramatically enhancing the agency's ability to work across commodity lines to protect public health. DSHS regulates food warehousing, food transportation, food distribution, meat slaughter/distribution, milk and dairy, seafood and bottled water. The department also regulates grocery stores in areas that do not have a local health department.^{xvi} Under the Texas Food, Drug and Cosmetic Act (Chapter 431, Health and Safety Code) the DSHS has the responsibility to enforce the inspection of establishments including factories or warehouses where food is manufactured, processed, packed or held for introduction into commerce.

There are 64 local health departments in Texas, comprised of 50 county departments and five city departments. Local health jurisdictions (county and public health districts) are authorized to enforce state law and rules concerning food service establishments, retail food stores, mobile food units and roadside vendors. Local health jurisdictions are not permitted to establish standards for the operation of those entities; however, they may require those entities to obtain a permit from the local authority. In those areas where there is no county or public health district, entities must obtain a permit from DSHS.^{xvii}

The Texas Association of Local Health Officials (TALHO) identifies ten essential services necessary for a comprehensive food safety system. These essential services provide a working definition of public health and a guiding framework for local public health activities.

1. Monitor health status
2. Diagnose and investigate
3. Inform and educate
4. Mobilize community partnerships
5. Develop policies and plans
6. Enforce laws and regulations
7. Link people to services
8. Assure a competent workforce
9. Evaluate for effectiveness
10. Research for new insights and solutions

As it relates to the assurance of a safe food supply, local health departments must have adequate resources in personnel, equipment, and supplies necessary to conduct all ten essential services rather than specifically focus on the enforcement of the laws and regulations.

Imported Seafood

More than 12 federal agencies regulate food safety in the United States and four of these agencies play a major role in monitoring imports: the Food Safety and Inspection Service (FSIS), the Food and Drug Administration (FDA), the Environmental Protection Agency (EPA) and the Department of Commerce's National Marine Fisheries Service (NMFS). The U.S. Customs and Border Protection and the U.S. Food and Drug Administration have the exclusive right to inspect and clear foods for entry into the United States.^{xviii}

Once food has been lawfully imported, it is regulated by the state in the same way as other foods. If the food is adulterated or misbranded, the state has authority to take action. The state can, and does, inform the FDA and U.S. Customs of issues found with imported foods. Additionally, the FDA can list the products in “import alerts” for U.S. Customs, and can ban the importation of the products.

In the past few years, there has been an increase in public concern regarding the safety of imported seafood. Consumers are concerned that the chemicals used in foreign fish farms to treat diseases and combat overcrowded and poor sanitation standards may be harmful to their health. Indeed, Dr. Joan Holt, Interim Director of the University of Texas Marine Science Institute, confirmed in testimony that most of the chemicals used in foreign fish farms are banned in the U.S. because they can cause cancer or resistance to antibiotics.

Asia dominates global aquaculture production and less than two percent of aquaculture imports are inspected by FDA. Salmonella and other microbes have been found in various types of seafood worldwide, which have been responsible for a large proportion of food-borne illnesses ranging from mild gastroenteritis to life-threatening diseases.^{xix}

It is important to note that domestic fish farms, capable of growing fish that are free from antibiotics and chemicals, can accomplish the production of seafood in a safe and sustainable manner. Texas has more than 40 farms producing a wide variety of aquatic species including catfish, hybrid striped bass, red drum and shrimp.^{xx} Not only is local fish fresher than imported fish, but growing the fish farming industry creates jobs in Texas. However, it's difficult to curb consumer buying habits when Vietnam is the world's largest producer of pangasius, an Asian catfish-like species often sold in restaurants as catfish. According to Jeff McCord of the Catfish Institute, more than one-third of the catfish the U.S. consumes is imported from Vietnam.^{xxi}

DSHS is responsible for licensing over 17,000 food manufacturers and wholesale food distributors, inspecting Texas seafood facilities and warehouses, and assessing raw ingredients to ensure that products are from approved sources. DSHS also administers the Seafood Hazardous Analysis Critical Control Point (HAACP) program that locates hazards and provides a mitigation plan to remove each hazard.

FDA is responsible for inspection of foreign fish products, import alerts, shipment rejections, and approval of aquaculture drugs. According to Susan Tennyson, Director of the Environmental and Consumer Safety Section of DSHS, the FDA currently has three alerts issued: for detention of seafood that has received unapproved drugs; for misbranded catfish; and for detention of catfish, basa, shrimp, dace and eel from China because of the presence of new animal drugs or unsafe food additives.

In April 2011, the U.S. Government Accountability Office published a study on the inspection, sampling and testing of seafood imports. The study analyzed import data from the years 2006 through 2009 and found that FDA is not doing an adequate job of inspecting imported seafood facilities and recommended that FDA adopt policies to better ensure the safety of imported seafood. Specifically, the report found that FDA inspected only one percent of seafood imports, while Canada tested at least five percent of seafood imports, the European Union inspected four percent, and Japan inspected at least eleven percent.^{xxii}

Due to FDA's limited sampling, more than 2.5 million metric tons of shrimp and 156,000 metric tons of catfish imported during 2006 through 2009 could have contained residues of nitrofurans. Nitrofurans are anti-microbial agents used by Asian fish farmers and are banned in the United States because they have been shown to cause cancer, disrupt human cell reproduction, and pose a risk to pregnant women. Some states have conducted their own testing programs, including Alabama, Arkansas, Louisiana and Mississippi. According to the Catfish Institute, these states test at local food markets because of the known laxity of FDA oversight of imported catfish and pangasius. Arkansas found residues of the banned anti-fungal agent crystal violet, which is a strong industrial dye used in Asia as a fish disinfectant and is a suspected carcinogen; Louisiana found fluoroquinolones; and Mississippi found enrofloxacin and cipro in catfish imports.

Recommendations

- The Committee concludes that the Texas Legislature may want to consider following the lead of other Southern states in testing foreign seafood at local fish markets. The Committee requests the Texas Department of Health and Human Services work with other states to determine a cost effective way of testing sample populations from distributors or grocery stores to determine if imported catfish and pangasius may be harmful to consumers.
- The Committee applauds the work of The University of Texas Marine Science Institute for their continued research supporting the development of sustainable aquaculture in the United States and encourages the Institute to continue communications with the Legislature as advances are made in this field.

Charge 3: Texas Veterinary Medical Workforce

Background and History

Many Texas farmers, ranchers and cattlemen have highlighted the need for more large animal veterinarians in rural areas. In the late 1990's rural veterinary practitioners from across the United States began to speak out about difficulties hiring associates in rural mixed animal veterinary practices. Many of these practices served the food animal industries. In response to these complaints, the Food Supply Veterinary Medicine Coalition (FSVMC) was formed in May 2004. The mission of the coalition was to maintain an abundant, safe and wholesome food supply by ensuring that veterinarians are appropriately involved throughout the food supply system.^{xxiii}

FSVMC funded a marketing study to better quantify the supply and demand for rural veterinarians. The study targeted possible solutions including student debt repayment, scholarship programs and student recruitment and training opportunities. The study was widely publicized and veterinary organizations, academia, industry and local and federal governments responded. Recruitment was intensified, and scholarships and loan forgiveness programs at both the state and federal levels were instituted. These efforts had a major positive effect on the number of students entering and graduating from veterinary schools seeking employment in food supply medicine.

In recent years veterinary students started to indicate that they could not obtain jobs in food supply veterinary medicine. This concern led to the formation of the American Association of Bovine Practitioners Ad Hoc Committee on Rural Veterinary Practice (RVP). The purpose of this committee was to re-evaluate the perceived food supply veterinarian shortage. The following findings resulted from the study:^{xxiv}

- Efforts to increase interest in rural practice among graduating veterinary students was successful and a lack of available veterinarians is no longer an issue for the U.S. as a whole.
- There remains underserved rural areas across the country that may not be able to sustain a veterinary practice and absorb new veterinarians entering the job market.

- High input costs for all producers, a collapse of milk prices and the severe downturn in the overall economy likely influenced the rural veterinary job market.
- In instances where rural jobs are still available, these jobs remain unfilled because the economics may be undesirable for an experienced practitioner and, in small clinics, there may be a lack of mentorship and support for graduating veterinary students.
- Continuing to increase the number of veterinarians interested in serving rural areas will not solve this problem. In fact, creating an “over supply” of food supply veterinarians will lead to widespread unemployment or underemployment of food supply private practitioners and will have a significant detrimental effect on salaries for all veterinarians.

The RVP identified several trends believed to affect rural veterinary practice. One example is the consolidation of livestock systems. The consolidation of animal agriculture has left a vacuum in some rural areas that at one time had large numbers of livestock. While some small livestock producers remain in these areas and need veterinary services, there is not enough business to sustain the livestock portion of a practice.

High input costs have also tightened producer profit margins, leaving producers either unable or unwilling to afford veterinary services. This leads to competition for services with lay people, further driving away veterinary businesses. The RVP also addressed the increasing cost of veterinary education and student debt. While the increasing student debt-to-salary ratio affects all veterinarians, raising fees to subsequently raise salaries has particular limits in rural areas.

Student Loan Forgiveness Programs

A void of veterinary involvement in rural communities has negative implications for animal welfare, public health and food safety. Simply increasing the number of available veterinarians will not solve this problem; veterinarians must want to practice in these shortage areas.

Since 2010, the Texas Animal Health Commission (TAHC) has compiled public input, as well as livestock and veterinary community feedback to nominate areas of Texas for inclusion in the USDA’s Veterinary Medicine Loan Repayment Program. This program helps qualified

veterinarians offset a significant portion of the debt incurred in pursuit of their veterinary medicine degrees in return for their service in certain high-priority veterinary shortage situations. The program repays up to \$75,000 of student loan debt for veterinarians who work in rural or food animal practice.

In 2011, 41 Texas counties were considered eligible as "designated shortage areas" and five Texas veterinarians received awards under the program. In 2010, 39 Texas counties were considered eligible as "designated shortage areas" and four Texas veterinarians received awards under the program.

An effort was made in the 81st Legislative Session to create the Texas Rural Veterinarian Loan Repayment Program to provide loan repayment assistance to veterinarians who agreed to practice on livestock or deer in rural areas. Under H.B. 1864, one year of loans would be repaid for each full year a veterinarian spent practicing in a rural area, for up to four years. The Office of Rural Community Affairs would determine the amount of repayment assistance provided each year and solicit additional private or public funding for the program. Establishing the program was contingent upon a specific allocation of funding for the bill. When funding was not allocated the program dissolved.

Veterinary Technology Programs

With guidance from veterinarians and other stakeholders, Tarleton State University will be offering a Bachelor of Applied Technology (BAT) in Veterinary Technology through the Department of Animal Science and Wildlife Management. By offering a path for online and hybrid completion of a bachelor degree for Veterinary Technologists, the program will be the first in Texas and one of only a few online programs in the nation.

According to Tarleton University President Dr. Dominic Dottavio, the decision to initiate the BAT in Veterinary Technology was driven by student interest. Tarleton has a large and rapidly growing department of Animal Sciences and Wildlife Management currently housing approximately 800 undergraduate students. Of those, more than 150 students in the department have an interest in studying veterinary medicine at Texas A&M College of Veterinary Medicine.

Many of these students will not gain acceptance to veterinary school, but remain passionate about a career involving animal health and care.

The University expects that initially most graduates of the program will be employed in small animal practices. However, because this program is housed in the Department of Animal Sciences, where current courses in large animal science are the main focus of instruction, students in the program will gain exposure to large animals and be well positioned to be useful by practitioners in those areas as needed. Tarleton's current large animal laboratory facilities include an equine reproductive physiology laboratory, confinement swine facility, herds of beef cattle, sheep and goats and the newly constructed Southwest Regional Dairy Center.

Recommendations

- The Committee applauds Tarleton State University for its visionary leadership in creating the BAT in Veterinary Technology program. Tarleton is uniquely positioned to provide graduates who can be valuable for large animal veterinary practitioners. The Committee requests that the University update the Texas Legislature on progress within the program and any data that may demonstrate where these future graduates chose to practice.
- Subject to funding availability, the Committee finds that the Texas Legislature should consider creation of a Rural Veterinary Medical Loan program to be administered by the Texas Animal Health Commission to complement the federal program already in place.

Charge 4: Horse Slaughter Facilities

Background and History

For many Texans, horses are majestic symbols of American heritage. Use of equines in warfare has been pivotal in military success throughout history and sentiments for the American "war horse" grew during the nation's involvement in both world wars. Horses were also pivotal in transportation, farming, labor, and other necessities throughout history, especially until the invention of the vehicle. In recent times, those who do not own horses continue to see equines used in law enforcement, the Olympics, and other equestrian sports.

Unwanted horses represent a growing segment of the domestic equine population. These horses are no longer needed or useful, or their owners are no longer interested in or capable of providing financial or physical care. Many of these horses are infirm and some are dangerous. There is currently a lack of comprehensive information regarding the total number of unwanted horses in the United States; however, it is widely believed that many unwanted horses are sent to processing facilities in nearby Mexico. Other horses are euthanized by a veterinarian and disposed of through rendering, and some less fortunate are abandoned and left to die of malnourishment and starvation.^{xxv}

In 2007, judicial enforcement of Texas' prohibition on horse slaughter for human consumption shut down two of the last three remaining processing facilities in the United States. Although it is not currently against the law in the United States to slaughter horses for human consumption, Congress has effectively prohibited horse slaughter in the states by not funding USDA inspections of horses transported for slaughter and at slaughter houses. In effect, if the meat cannot be inspected, it cannot be sold.

A general provision in the House-passed FY 2012 Agriculture Appropriations Bill (H.R. 2112, §739) would have continued to prohibit any funds to pay salaries or expenses of Food Safety Inspection Service (FSIS) personnel to inspect horses under the Federal Meat Inspection Act (21 U.S.C. 603). This general provision was not included in the Senate-passed version of H.R. 2112,

nor was it included in the final bill (P.L. 112-55). Without this provision, FSIS can again inspect horse meat.^{xxvi}

In response to passage of the final bill, states that do not currently ban the practice began to consider initiating operation of processing plants. For example, Unified Equine Missouri is renovating and reequipping a former meat processing plant in Rockville, Missouri. This may be the first horse slaughter plant to open since Congress lifted the federal ban.^{xxvii} Additionally, a Roswell, New Mexico businessman has filed an application to open a horse processing plant. The proposal by Valley Meat Company has many animal humane groups and public officials outraged at the suggestion, including New Mexico Governor Susana Martinez.

Texas State Law on Horse Slaughter

The Texas Legislature passed a law in 1949 prohibiting horse slaughter for human consumption with the intent of keeping butchers from subsidizing their hamburger beef. This law reflects the meatpacking scare made known mostly by Upton Sinclair's 1906 novel, *The Jungle*. Also, a 1949 French documentary called "Blood of the Beast" similarly alarmed the public through its portrayal of the horrors of horse slaughtering.

In 2002, Texas Attorney General John Cornyn gave an interpretation of the 1949 state law. His interpretation states, "Chapter 149 of the Agriculture Code applies to slaughterhouses in Texas that process, possess, sell, or transport horse-meat to foreign countries for human consumption." The opinion goes on to further state that neither the federal government or the Texas Department of Agriculture is able to prosecute or investigate alleged violations of Chapter 149. Prosecution must be done by the county or criminal district attorney.^{xxviii}

In March 2007, Beltex Corp. and Dallas Crown, two Texas processing plants, unsuccessfully made appeals to the 5th U.S. Court of Appeals in New Orleans. The court ruled that horse slaughter for meat for any purpose in Texas is illegal. Later in 2008, Texas Attorney General Greg Abbott issued an additional interpretation of the 1949 state law stating that it is an offense for any person to sell horsemeat for human consumption, possess horsemeat with the intent to sell it as food for human consumption, or transfer horsemeat to a person who intends to sell it for human consumption irrespective of the origin or destination of the horsemeat.^{xxix}

1949: Texas prohibits horse slaughter for human consumption to prevent companies from subsidizing hamburger beef.

2002: Texas Attorney General John Cornyn interprets 1949 law to prohibit slaughter, possession, or transfer of horse meat for human consumption.

2007: 5th U.S. Court of Appeals rules in agreement with Attorney General Cornyn's interpretation, which results in the closing of the two Texas processing plants.

2008: Texas Attorney General Greg Abbott issues opinion stating that the transport of horse meat for human consumption through the state is illegal.

Impact on the Equine Industry and Agricultural Sector

Prior to the closing of the last processing plants in the United States, the Animal Welfare Council released a report in May 2006 titled *The Unintended Consequences of a Ban on the Humane Slaughter (Processing) of Horses in the United States*. This report, written by esteemed professors and scholars of animal science, agricultural economics, and veterinary medicine, outlined consequences of banning humane horse slaughtering. The report highlighted the concern that a ban would potentially create a large number of abandoned or unwanted horses, cause an overabundance of horses in public animal rescue facilities and that there may be a lack of funding for animal rescue facilities. The report also pointed to an annual loss of approximately \$26 million in horse meat export revenues.^{xxx}

USDA reports that in 2006, the United States exported more than 17,000 metric tons of horse meat valued at approximately \$65 million. According to USDA, nearly 105,000 horses were slaughtered for human food in 2006, all in two foreign-owned Texas plants and a third foreign

plant in Illinois. Virtually all the meat was for export, the largest markets being France, Belgium, Switzerland, Italy, Japan, and Mexico.^{xxxix}

As predicted by the 2006 Animal Welfare Council report, there is evidence to suggest that the end of domestic slaughter led to more inhumane treatment of old, abandoned, or neglected equines as greater numbers were instead shipped to Mexico or Canada for slaughter where the USDA doesn't have the authority to monitor the horses' conditions. In a June 2011 report, the Government Accountability Office (GAO) provided evidence of a rise in state and local investigations for horse neglect since 2007 and found that closure of horse slaughter facilities increased U.S. horse exports by 148% to Canada and 660% to Mexico from 2006 to 2010. The GAO report also noted that with the cessation of domestic horse slaughter, USDA now lacks the staff and resources at the borders and foreign slaughtering facilities that it once had in domestic facilities to help identify problems with shipping paperwork or the condition of horses before they are slaughtered.

A summary of findings in the GAO report are outlined below:^{xxxix}

- Closure of horse slaughter facilities significantly and negatively affected lower-to-medium priced horses by 8-21%.
- Texas, Colorado, Florida, and California have reported more horse neglect and more abandoned horses since 2007, which has strained each state's resources to care for and manage these horses.
- Horses transported to Canada and Mexico for slaughter are travelling further distances to reach slaughter houses that are out of U.S. jurisdiction, causing more traumas for the horses.
- There are many unintended consequences of banning horse slaughter such as overabundance of unwanted horses, strain on public and private resources to care for the overabundance, increase in abuse and neglect, and annual loss of revenue.

In an interview with the Christian Science Monitor, founder of the People for the Ethical Treatment of Animals (PETA) Ingrid Newkirk said the United States should never have banned domestic horse slaughter, a stance that did not fit with other mainstream animal welfare groups.

PETA did not support the effort to prohibit horse slaughter in the United States because "the amount of suffering it created exceeded the amount of suffering it was designed to stop."^{xxxiii}

While PETA would prefer to ban the practice and also ban the export of horses, the organization supports reintroducing horse slaughterhouses in the United States, especially if it is accompanied by a ban on exporting any horses to other countries. The argument is that slaughtering horses in the U.S. would provide an opportunity to guarantee that it is done respectfully and humanely.

Several animal welfare organizations, however, question the relationship between these identified problems and the prohibition on horse slaughter. Specifically, they highlight the relationship between the economic downturn and horse owners who can no longer afford to care for their animals.

Opposition to Horse Slaughter

Animal welfare groups point to the risks associated with human consumption of horse meat and are asking the USDA to issue a rule declaring horses "unqualified" for use as food. Horses absorb a variety of medicines throughout their lives and it is recommended that a complete lifetime of medical records outlining drugs and other treatments administered to the animal is needed before determining whether the meat is safe for human consumption. Furthermore, animal rights advocates argue that horse slaughter is a brutal way to end the life of a companion animal and an inhumane practice that can lead to illness or death in those who consume tainted meat.^{xxxiv}

Several American celebrities have joined animal welfare groups in the fight to end horse slaughter in the United States. T. Boone Pickens gained attention after Hurricane Katrina when he airlifted hundreds of dogs and cats from a storm zone. Mr. Picken's wife, who owns a stable, is a driving force for supporting the American Horse Slaughter Prevention Act, which bans the slaughtering of horses in the U.S. for foreign consumption.^{xxxv} An active opponent of horse slaughter, Willie Nelson also works to draw attention to the transportation of horses to other countries, especially Mexico. Mr. Nelson and his family advocated for the American Horse Slaughter Prevention Act and have personally rescued multiple horses from slaughter.^{xxxvi}

Transportation of Equine

The Humane Society of the United States supports the passage of a uniform federal law, The Horse Transportation Safety Act. This Act would prohibit the use of double-deck trailers designed for the transport of livestock (cattle and pigs) as opposed to the transport of horses. Without sufficient ceiling height, horses cannot keep their balance during transport and frequently fall and are injured or killed. The design of the trailers not only causes major highway accidents, but also results in horses losing limbs, breaking legs and ending up crushed by the weight of other horses falling on top of them when accidents occur. The USDA supports this view and has stated the agency does not believe that equines can be safely and humanely transported on a conveyance that has an animal cargo space divided into two or more stacked levels.^{xxxvii}

Dr. Ted Friend, Professor & Texas AgriLife Research Fellow at Texas A&M University, has studied the transportation of equine since the early 1990s. It is important to highlight this research so states that consider allowing the operation of processing facilities are sure to consider the bigger picture outside of health and safety standards at the actual physical facility.

The 1996 Farm Bill authorized USDA to issue guidelines for commercial transport of horses to slaughter and appropriated funds for enforcement and research of the guidelines. After a series of meetings with stakeholders and researchers, a reasonable set of regulations was proposed in 1999. The regulations were then phased in during 2001.

The enforcement was based on inspection of the horses, the truck, and the owner-shipper certificate upon arriving at the processing plant. Each load was inspected by a welfare inspector, a health inspector and an ownership inspector. It is believed that photographs taken by the welfare inspector as evidence of possible violations were obtained by animal welfare activists through Freedom of Information requests and used to upset the public. This led to the court proceeding which eventually banned horse slaughter in the United States.^{xxxviii}

If processing plants are opened again in the United States, the federal government and the states involved in the processing should consider the research conducted by Dr. Friend, the University of California, Davis, Texas Tech University and Dr. Temple Grandin. This research led to

several best practice standards relating to double-decker trucks, density, orientation, ventilation, duration of transport, dehydration and fatigue.^{xxxix}

Recommendations

- The Committee finds that horse processing is symptomatic of larger problems affecting the welfare of our nation's horses. The Committee applauds the work of animal rescue operations such as Habitat for Horses and encourages these organizations' continued work in equine welfare.
- The Committee agrees that horse processing is not the ideal solution for addressing the large number of unwanted horses in the United States. However, the Committee also finds that processing horses through a system of legal and regulated processing plants has the potential to improve horse welfare compared to the current system of transporting horses to foreign countries where the process is not regulated.
- The Committee finds that if the Texas Legislature considers repealing the 1949 statute, it would be prudent to first establish a committee within the Texas Animal Health Commission to work with stakeholders such as the American Veterinary Association, to evaluate best practices and recommend legal guidelines for both processing facilities and the transfer of horses to slaughter within the State.

Charge 5: Initiatives in Reducing Obesity and Diet-related Disease

Background and History

Obesity, diet related disease, and food insecurity are at an all-time high in this country and certainly in Texas, costing our state millions of dollars annually. According to the Texas Department of Health and Human Services (DSHS), approximately 30 percent of Texans are obese.^{x1} Texas is the second largest agriculture producing state. We produce some of the healthiest and nutrient-rich foods in the world, but rank in the top ten most obese states in America.

Texans should be concerned about these dismal statistics because unhealthy citizens contribute to increased medical costs and lower workforce productivity. Accessibility to quality affordable fresh produce is important in reducing diet related illnesses such as obesity, heart disease, diabetes and cancer. Unfortunately, economic challenges to eating healthy, lack of knowledge in how to prepare certain foods and the existence of food deserts are factors that present substantial hurdles in efforts to improve Texan's health.

Much attention has been paid to various state efforts to limit foods eligible for purchase with SNAP benefits, more commonly referred to as food stamps. In 2004, USDA rejected an attempt by the State of Minnesota to restrict the foods eligible under the SNAP program. In 2011, USDA rejected a waiver request by New York City to implement a two-year pilot program that would prohibit the purchase of soft drinks with SNAP benefits. Members of the Texas House of Representatives have pushed for similar waiver requests, demonstrating that many states are seeking greater flexibility in how we manage these highly expensive tax-payer funded programs.

The recent growth of urban farming in Texas provides a unique opportunity to address policies that will create jobs, retain wealth in communities *and* improve people's health. The key to meeting the challenges of increased availability and affordability of healthy foods is the production and promotion of an accessible food supply. USDA reports a significant increase in the number of small farms in the country, and the number of farmers' markets has more than

doubled in the past ten years. The Sustainable Food Center is providing support for a growing number of home, school, and community gardens and documenting a significant increase in WIC and SNAP benefits spent at farmers' markets.^{xli}

Texas A&M AgriLife Extension provides several programs to assist urban farming and community gardening initiatives throughout the state. Extension programs and resources include educational workshops, urban "field days," educational publications, demonstration sites and a statewide network of specialists and volunteers. The Extension also formed a State Extension Local Food Committee to support agents at the local level and increase efforts to target schools with agriculture and gardening education. Currently the Extension is seeking grant funding to create a Mobile Urban Extension Agriculture Learning Center.^{xlii}

In exploring this interim charge, the Committee fielded several complaints from urban farmers that government oversight and red tape hamper the growth of these small business owners. Urban farmers point specifically to the application of inconsistent and unfair health regulations for farmers' markets as well as inconsistent agricultural valuation property tax rates which fail to accommodate small and diversified farm operations.

State Representative Eddie Rodriguez represented the House of Representatives' Farm to Table Caucus when testifying before the Committee on September 11, 2012. Representative Rodriguez recommended that the state work to eliminate food desert by having mobile food markets or food stands. The Representative also recommended that the State expand the Women, Infants and Children (WIC) Matching Fresh Foods program administered by TDA, which instituted a two-for-one program for fresh fruits and vegetables purchased with the Lone Star Card. Representative Rodriguez highlighted the need for consistency regarding urban farm regulations and recommended that state and local governments not over regulate these farmers.^{xliii}

There are several interesting partnerships forming as a result of increased attention to the obesity issues plaguing the State. Advocacy groups and Texas state agencies are making positive advances with initiatives that partner farmers with schools, prisoner work programs with food banks and transport surplus agriculture to those in need. Even the NFL has teamed up with the

National Dairy Council and public schools to encourage students to make healthy decisions. The private sector is also involved with industry-led efforts to encourage healthy buying habits, including changes in advertising and messaging, placing dietary information on the front of product packaging and nationwide efforts to change unhealthy ingredients.

Texas must ensure state policy continues to provide a framework through which consumers can continue to rely on a domestic food supply. In order to accomplish this continued domestic food reliance and not export our food dependency to foreign countries, the State must protect private property owners' rights from many threats, including the violence launched by the Mexican drug cartels on border lands and inappropriate use of eminent domain. The State must also balance approaches to water availability challenges that include respecting the conservation measures agriculture continues to implement and the role of food and fiber production in the State's security.

Recommendations

- The Committee recommends the Legislature maintain policies that enable farmers and ranchers statewide to continue to produce a safe and affordable food supply, including the creation of fair and consistent health regulations for farmers' markets and on-farm markets.
- The Committee recommends the Legislature encourage further development of the TDA's Agriculture is Your Culture public education campaign to educate Texans on the role agriculture plays in our daily lives.
- The Committee recommends the Legislature continue TDA's many initiatives to encourage and support farmer's markets through GO TEXAN programs, farmers' market certification, marketing and promotion activities, food demonstrations and chef to farm tours.

- The Committee encourages advocacy groups to work with municipalities to investigate the use of public or city-owned lands for food production in priority areas, including small-scale fruit and vegetable farms and community gardens.
- The Committee recommends the Legislature consider incentives for private landowners who commit use of their land long-term for community gardens or other urban agriculture uses through tax rebates or other rewards.

Charge 6: Implementation of Past Legislation

Overview of Legislation from the 82nd Regular Session

In the two years leading up to the 82nd Legislative Session, 17 grain elevators full of corn, sorghum, wheat and other grains abruptly went bankrupt or failed. Many farmers lost hundreds of thousands of dollars when the failed elevators closed their doors. As a result, industry expressed concern about the current protections provided in law for grain depositors.

The grain warehouse inspection program at the Texas Department of Agriculture (TDA) administers and enforces Texas public warehouse laws relating to grain storage. The program requires any entity that stores grain for the public to be licensed and obtain bonding before operating. Each warehouse must be insured for loss of grain stocks for the full market value of the stock and must provide proof of insurance.

The Senate Agriculture and Rural Affairs Committee advanced two bills in an effort to address these concerns. S.B. 248 (Estes/Landtroop) increased bonding requirements for grain warehouses and secured additional enforcement authority for TDA. Specifically, the legislation increased bonding requirements from 6 cents to 10 cents per bushel of storage capacity, established a minimum net worth requirement of \$200,000 and increased the minimum bond amount from \$20,000 to \$35,000.

H.B. 1840 (Phillips/Estes) established the Texas Grain Producers Indemnity Board, allowing grain producers to pay assessments to protect themselves from financial ruin in the event of a warehouse collapse. This bill allows farmers of corn, soybeans, wheat, and grain sorghum in the State of Texas the option to form a board to protect themselves from loss and damage due to the financial failure of a grain warehouse. The Indemnity Board is to be established as a separate entity from TDA with some oversight from the Agriculture Commissioner. Ballots are currently available for submission to TDA and results of the referendum measure should be known by December 18, 2012.

During the 82nd Legislative Session, agencies were preparing for substantial budget cuts. The introduced version of the General Appropriations bill reduced general revenue appropriations to the TDA's economic development and marketing programs by 100 percent. The Committee finds value in these programs and worked with TDA to make the necessary statutory changes to provide the agency with specific authority to raise revenue to recover marketing and economic development costs by implementing voluntary programs for communities and businesses at a fee. This cost recovery legislation was necessary because TDA's economic development and marketing programs are vital to the development and diversification of Texas agriculture and its products.

The Committee was also involved in legislation to protect the State's shooting ranges from encroaching urbanization. With the State's growing population, many shooting ranges in areas that used to be rural are being harassed in court by their new suburban neighbors. Many of these cases involve fraudulent evidence and impossible allegations. The new Texas statutes require people who sue a shooting range to submit expert evidence in support of their cases to ensure that their claims are legitimate. The bill also gives municipalities authorization to shut down dangerous ranges that are not built in accordance with generally accepted industry standards.

Overall, the Committee considered approximately 70 bills in the 82nd Legislative Session. To better understand the broad scope of activity the Committee oversees, below is a sample of currently enacted legislation from the 82nd Session:

- Amended the Occupations Code to make it illegal to offer or take money for pest control services without a license;
- Protected dairy farmers by amending the Tax Code to secure dairy operation tax exemptions;
- Amended the Civil Practices and Remedies Code to protect private property owners from exposure to liabilities when hosting ranching or rodeo events;

- Amended the Agriculture Code so that nonprofit organizations can partner with elementary and middle schools in applying for grants to fund agricultural education programs;
- Amended the Natural Resources Code to increase the punishment options for unauthorized harvesting of timber;
- Amended the Parks and Wildlife Code so that the Texas Department of Parks and Wildlife may continue to sell fishing stamps, which generate approximately \$6 million in revenue annually;
- Amended the Parks and Wildlife Code to expand existing fishing tournament regulations from freshwater tournaments to all fishing tournaments.

Current and Proposed Federal Laws and EPA Regulations

Many business owners, including Texas farmers and ranchers, are significantly affected by energy prices and the threat of energy brownouts resulting from restricted power supply. Under the Obama Administration, the EPA issued an unprecedented number of new rules that have the potential to put our nation's electric generating capacity at risk.^{xliv} Since 2002, the State of Texas has filed 27 suits against various federal agencies. Of those 27 suits filed by the State, 16 have been against the Environmental Protection Agency (EPA), and all suits except one were filed in 2010, 2011 or 2012, during the current administration's leadership.^{xlv}

Many of EPA's rules limit job growth and cost hundreds of billions of dollars to implement. Kathleen Hartnett White, a former Chairman and Commissioner of the Texas Commission on Environmental Quality (TCEQ) used both EPA's own implementation cost projections as well as industry data to conclude that EPA's rules scheduled to become effective in the next three years could cost more than \$1 trillion to implement nationwide.^{xlvi}

Texas has a strong history of working proactively to protect natural resources and improve environmental quality while fighting over-regulation from the federal government. Just this year, with help from Attorney General Gregg Abbott, agencies such as the Texas Railroad Commission and TCEQ won four substantial cases that could have otherwise wreaked havoc on U.S. energy production. One of the most well-known cases, the Cross State Air Pollution Rule

(CSAPR), was estimated to cost utilities approximately \$2.4 billion annually.^{xlvii} However, the larger concern for farmers and ranchers was realized when the Texas Public Utility Commission projected the rule would "cause reliability issues in the ERCOT region" and could "significantly increase the price of electricity."^{xlviii}

The price of electricity and access to low-cost fuel is critically important to farmers and ranchers. These business owners battle fluctuating transportation costs for their products and make significant investments in energy-intensive equipment necessary for farming and ranching operations.

Domestic independent producers are responsible for approximately 75 percent of domestic natural gas production, and nearly 50 percent of domestic oil production. However, these companies are facing threats to the framework that allows growth and opportunity. David Martineau, Chairman of Texas Independent Producer and Royalty Owners (TIPRO) testified before the U.S. Energy & Environment Subcommittee and outlined several growth-inhibiting factors affecting independent producers:^{xlix}

1. Tax provisions like Intangible Drilling Cost deductions (IDCs) and depletion allowance that are crucial to the survival of small independent producers are being attacked and mislabeled as "big oil subsidies."
2. Regulations from the EPA and U.S. Fish and Wildlife Service pile additional compliance costs onto oil and natural gas producers.
3. The federal government is attempting to go green and "pick winners" by focusing federal research and development funds on unproven, uneconomical, unreliable energy sources.

According to Mr. Martineau, from 2006 to 2011 (the "shale revolution"), the State of Texas has increased annual production of oil from 347 million barrels to 431 million barrels and annual production of natural gas has increased from 6.3 trillion cubic feet to 7.7 trillion cubic feet. The combination of research and scientific advances with reasonable state regulations in Texas have contributed to U.S. imports of these resources dropping from 70 percent to 45 percent in that same time period.¹

Texas agriculture is also keenly interested in implementation of the federal Renewable Fuels Standard (RFS). Under the RFS, the federal government mandates that 40 percent of the U.S. annual corn crop go directly toward ethanol production; however, federal law also allows the EPA Administrator to waive this requirement for up to one year if the implementation would severely harm the economy or environment of a state, a region or the U.S. In response to record drought conditions that continue to push corn yields lower and prices upward, Texas ranchers recently called on the EPA to waive the current RFS.

According to Joe Parker, rancher and President of the Texas and Southwestern Cattle Raisers Association, last year was the first year ever that ethanol production used more corn than all animal agriculture combined. With corn supplies continuing to tighten across the U.S., the current RFS standard is viewed as compounding the situation by reducing the already extremely limited amount of corn available for feed.^{li} Unfortunately for livestock and poultry interest groups, the EPA denied the request to waive the RFS mandate for the production of corn ethanol on November 16, 2012.

Recommendations

- The Legislature must continue to consider the needs of the State's food and fiber producers regarding many statewide legislative and economic issues, including measures to better protect producers from regulatory actions of the federal government.
- The Committee finds that as the state becomes more urbanized, rural leaders must continue to protect rural interests which range from agriculture and water stewardship to job creation and border security. The Senate Committee on Agriculture, Rural Affairs and Homeland Security will continue to advance policies that increase investment, employment and production in Texas agriculture.
- With the Committee's expanded responsibilities, Committee members look forward to furthering legislative efforts that address illegal immigration and securing the State's southern border. Private landowners throughout Texas are forced to be on the frontlines

of deadly drug cartel activity, fearing for their safety and protection of their property. The United States will not have homeland security until we have true border security.

-
- ⁱ 2007 Census of Agriculture, United States Department of Agriculture: http://www.agcensus.usda.gov/Publications/2007/Full_Report/
- ⁱⁱ Ibid.
- ⁱⁱⁱ Email from Harold Stone, Texas Parks and Wildlife Department to Raenetta Nance, June 9, 2010.
- ^{iv} Information provided to the Senate Committee on Agriculture and Rural Affairs by Blair Calvert Fitzsimons, Executive Director, Texas Agricultural Land Trust, July 10, 2012.
- ^v Texas A&M University, Texas Lands Trends: www.texaslandtrends.org
- ^{vi} Information provided to the Senate Committee on Agriculture and Rural Affairs by Blair Calvert Fitzsimons, Executive Director, Texas Agricultural Land Trust, July 10, 2012.
- ^{vii} Information provided to the Senate Committee on Agriculture and Rural Affairs by Marvin Ensor, West Regional Program Director - Agriculture and Natural Resources, Texas AgriLife Extension Service, July 10, 2012.
- ^{viii} Information provided to the Senate Committee on Agriculture and Rural Affairs by Catherine Wright-Steele, Texas Department of Agriculture, June 22, 2010 (memorandum titled "IR Memo 2").
- ^{ix} DeLind, Laura B. and Philip H. Howard, "Safe at Any Scale? Food Scares, Food Regulation, and Scaled Alternatives". Springer Science + Business Media B.V. 2008. Published online January 16, 2008.
- ^x DeLind, Laura B. and Philip H. Howard, "Safe at Any Scale? Food Scares, Food Regulation, and Scaled Alternatives". Springer Science + Business Media B.V. 2008. Published online January 16, 2008.
- ^{xi} Legislative Budget Board, Texas State Government Effectiveness and Efficiency Report Submitted to the 82nd Legislature, January 2011.
- ^{xii} Texas Senate Committee on Agriculture and Rural Affairs. Testimony of Ben McCullough, Legislative Budget Board: Hearing on Interim Charge #2. 81st Legislature Interim, May 24, 2010.
- ^{xiii} Texas Senate Committee on Agriculture and Rural Affairs. Written testimony of Tommy Camden, Texas Association of Local Health Officials: Hearing on Interim Charge #2, submitted May 24, 2010.
- ^{xiv} Texas Senate Committee on Agriculture and Rural Affairs. Testimony of Ben McCullough, Legislative Budget Board: Hearing on Interim Charge #2. 81st Legislature Interim, May 24, 2010.
- ^{xv} Information provided to the Senate Committee on Agriculture and Rural Affairs by Susan Tennyson, JD, Section Director, Environmental and Consumer Safety Section, Texas Department of State Health Services, May 13, 2010 (agency document titled "Food Regulation in Texas").
- ^{xvi} Testimony of Ben McCullough, Legislative Budget Board: Hearing on Interim Charge #2. 81st Legislature Interim, May 24, 2010.
- ^{xvii} Written testimony of Tommy Camden, Texas Association of Local Health Officials: Hearing on Interim Charge #2, submitted May 24, 2010.
- ^{xviii} Ibid
- ^{xix} Testimony of Dr. Joan Holt, University of Texas Marine Science Institute. Senate Committee on Agriculture and Rural Affairs Interim Hearing, Sept 11, 2012.
- ^{xx} Ibid.
- ^{xxi} Testimony of Jeff McCord, The Catfish Institute. Senate Committee on Agriculture and Rural Affairs Interim Hearing, Sept 11, 2012.
- ^{xxii} United States Government Accountability Office Report to Congressional Requesters: Seafood Safety, published April 2012. (report number GAO-11-286)
- ^{xxiii} Summary Opinion of the American Association of Bovine Practitioner's Ad Hoc Committee on Rural Veterinary Practice, May 20, 2011.
- ^{xxiv} Ibid
- ^{xxv} Written testimony of the American Association of Equine Practitioners. Senate Committee on Agriculture and Rural Affairs Interim Hearing, July 10, 2012.
- ^{xxvi} Cowan, Tadlock. "Horse Slaughter Prevention Bills and Issues." *National Agriculture Law Center*. Congressional Research Service. December 12, 2011. www.nationalaglawcenter.org (accessed June 4, 2012).
- ^{xxvii} Harker, Julie. "Horse Slaughter plant to Open in Late Summer" *Brownfield Ag News For America*. June 7, 2012 www.brownfieldagnews.com (accessed June 8, 2012) .
- ^{xxviii} Cornyn, John. "Opinion No. JC-0539." Office of the Attorney General of the State of Texas. August 7, 2002. <https://www.oag.state.tx.us/opinions/opinions/49cornyn/op/2002/pdf/jc0539.pdf> (accessed May 21, 2012).
- ^{xxix} Abbott, Greg. "Opinion No. GA-0623." *Office of the Attorney General of the State of Texas*. May 6, 2008. <https://www.oag.state.tx.us/opinions/opinions/50abbott/op/2008/html/ga-0623.htm> (accessed May 21, 2012).

-
- ^{xxx} (Ahern, et al. 2006)^{xxx} Ahern, James et al. *The Unintended Consequences of a Ban on the Humane Slaughter (Processing) of Horses in The United States*, 2006.
- ^{xxxi} Cowan, Tadlock. "Horse Slaughter Prevention Bills and Issues." *National Agriculture Law Center*. Congressional Research Service. December 12, 2011. www.nationalaglawcenter.org (accessed June 4, 2012).
- ^{xxxii} Office, U.S. Government Accountability. "U.S. GAO - Horse Welfare: Action Needed to Address Unintended Consequences from Cessation of Domestic Slaughter." *U.S. Government Accountability Office (U.S. GAO)*. June 2011. <http://www.gao.gov/products/GAO-11-228> (accessed May 28, 2012).
- ^{xxxiii} Jonnson, Patrick. "Lifting Horse Slaughter Ban: Why PETA says it's a Good Idea." *The Christian Science Monitor*. November 11, 2011. <http://www.csmonitor.com/USA/2011/1130/Lifting-horse-slaughter-ban-Why-PETA-says-it-s-a-good-idea> (accessed June 4, 2012).
- ^{xxxiv} Written testimony submitted by Humane Society of the United States. Senate Committee on Agriculture and Rural Affairs Interim Committee Hearing, July 10, 2012.
- ^{xxxv} Thomas, Cathy Booth. "T. Boone Pickens to the Rescue." *Time U.S.* July 25, 2006. <http://www.time.com/time/nation/article/0,8599,1218884,00.html> (accessed May 28, 2012).
- ^{xxxvi} Nelson, Willie. *Willie Nelson Peace Research Institute*. October 24, 2007. <http://willienelsonpri.com/peace/474/willie-nelson-writes-to-prevent-horse-slaughter.html> (accessed May 28, 2012).
- ^{xxxvii} Written testimony submitted by Humane Society of the United States. Senate Committee on Agriculture and Rural Affairs Interim Committee Hearing, July 10, 2012.
- ^{xxxviii} Written testimony submitted by Ted Friend, Ph.D., Professor & Texas AgriLife Research Fellow, Applied Ethology & Animal Welfare Science, Texas A&M University. Senate Committee on Agriculture and Rural Affairs Interim Committee Hearing, July 10, 2012.
- ^{xxxix} *Ibid.*
- ^{xl} Testimony by Lisa Wyman, Ph.D., MPH, Medical Research Specialist, Health Promotion and Chronic Disease Prevention Section, Texas Department of State Health Services. Senate Committee on Agriculture and Rural Affairs Interim Committee Hearing, September 11, 2012.
- ^{xli} Testimony by the Sustainable Food Network. Senate Committee on Agriculture and Rural Affairs Interim Committee Hearing, September 11, 2012.
- ^{xlii} Testimony by Dr. Linda Williams-Willis, County Extension Director and Robert "Skip" Richter, County Extension Agent – Horticulture, Texas AgriLife Extension Service, Harris County Office. Senate Committee on Agriculture and Rural Affairs Interim Committee Hearing, September 11, 2012.
- ^{xliiii} Testimony by Texas State Representative Eddie Rodriguez. Senate Committee on Agriculture and Rural Affairs Interim Committee Hearing, September 11, 2012.
- ^{xliv} Kathleen Hartnett White, "EPA's Approaching Regulatory Avalanche: A Regulatory Spree Unprecedented in U.S. History," Armstrong Center for Energy & Environment, Texas Public Policy Foundation (February 2012).
- ^{xlv} Information provided upon request to the Senate Committee on Agriculture and Rural Affairs by Texas Attorney General Greg Abbott's office.
- ^{xlvi} Kathleen Hartnett White, "EPA's Approaching Regulatory Avalanche: A Regulatory Spree Unprecedented in U.S. History," Armstrong Center for Energy & Environment, Texas Public Policy Foundation (February 2012).
- ^{xlvii} American Legislative Exchange Council, "Cross State Air Pollution Rule," <http://www.alec.org/wp-content/uploads/CSAPR-design-FINAL.pdf> (accessed January 24, 2013).
- ^{xlviii} Texas Public Utility Commission letter to Air and Radiation Docket and Information Center, U.S. Environmental Protection Agency, Re: Federal Register, Vol. 76, No. 199, October 14, 2011, Revisions to Federal Implementation Plans to Reduce Interstate Transport of Fine Particulate Matter and Ozone (letter dated November 28, 2011).
- ^{xlix} Testimony from TIPRO Chairman David Martineau before the Energy & Environment Subcommittee, "Tapping America's Energy Potential Through Research and Development," (November 30, 2012).
- ^l *Ibid.*
- ^{li} Press Release by Texas Southwest Cattle Raisers, "Texas Ranchers Call on EPA to Lift RFS Standard," (October 1, 2012).