

BILL ANALYSIS

C.S.H.B. 3664
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Agriculture & Livestock
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties note that producers of many agricultural commodities have established assessment programs to assist in marketing, promotion, research and education efforts. C.S.H.B. 3664 seeks to enable the Texas wine and grape growing industry to create a structure to pursue an agricultural commodity assessment program under the direction of the commissioner of agriculture.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3664 amends the Agriculture Code to authorize the Texas Wine Foundation to petition the commissioner of agriculture for the election of a commodity producers board for Texas wine marketing, promotion, research, and education. The bill provides for the composition and terms of the 11-member board. The bill authorizes the board to establish, and authorizes the foundation on the board's behalf to operate, a state wine check off program that is separate from any wine check off program established by federal law. The bill authorizes the foundation to accept gifts, donations, and grants of money, including appropriated funds, from the state government, the federal government, local governments, private corporations, or other persons, to be used for the bill's purposes. The bill designates the foundation as the certified organization to plan, implement, and operate marketing, promotion, research, and education programs under the bill's provisions. The bill requires the foundation to administer a state wine check off program if the board establishes the program.

C.S.H.B. 3664 requires the commissioner, on the recommendation of the foundation, to propose a maximum assessment amount on vineyard growers and wineries in a referendum under the bill's provisions. The bill requires the foundation, if an assessment referendum is approved, to recommend to the commissioner an assessment amount not greater than the maximum amount approved in the referendum. The bill requires the foundation to collect the assessment after the assessment is approved by the commissioner. The bill requires an assessment levied on vineyard growers and wineries to be applied by the foundation to the marketing, promotion, research, and education efforts regarding Texas wine in Texas, the United States, and international markets, including the foundation's administrative costs and the cost of conducting an assessment referendum. The bill establishes that assessments collected by the foundation are not state funds and are not required to be deposited in the state treasury.

C.S.H.B. 3664 requires the commissioner, on the recommendation of the foundation, to conduct a referendum on a proposed maximum assessment amount. The bill provides for voter eligibility, weighting of votes, and voter information confidentiality. The bill requires the foundation to pay all expenses incurred in conducting a referendum with funds collected from the wine industry and authorizes the foundation to recoup those expenses from assessments if the referendum is approved. The bill authorizes a referendum to provide for exemptions from the assessment for a vineyard with less than three acres that produce wine grapes and a winery that processes less than 20,000 pounds of wine grapes grown in Texas. The bill establishes that its provisions prevail to the extent that the provisions conflict with other provisions relating to commodity producers boards.

EFFECTIVE DATE

September 1, 2017.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3664 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Chapter 41, Agriculture Code, is amended by adding Subchapter J to read as follows:

SUBCHAPTER J. TEXAS WINE
MARKETING, PROMOTION,
RESEARCH, AND EDUCATION

Sec. 41.251. DEFINITIONS.

Sec. 41.252. DECLARATION OF
POLICY.

Sec. 41.253. CONFLICT WITH
GENERAL COMMODITY LAW
PROVISIONS.

Sec. 41.254. BOARD. (a) The foundation
may petition the commissioner for the
election of a commodity producers board
under this subchapter.

(b) The board shall be composed of 11
members elected as follows:

(1) three vineyard growers from the Texas
High Plains American Viticultural Area
elected by vineyard growers in that region;

(2) one vineyard grower from the Texas
Hill Country American Viticultural Area
elected by vineyard growers in that region;

(3) one vineyard grower from a region
other than the regions described by

HOUSE COMMITTEE SUBSTITUTE

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Sec. 41.254. BOARD. (a) The foundation
may petition the commissioner for the
election of a commodity producers board
under this subchapter.

(b) The board shall be composed of 11
members elected as follows:

(1) five vineyard growers elected by
vineyard growers in this state with not more
than three growers from a single recognized
American Viticultural Area;

Subdivisions (1) and (2) elected by vineyard growers from regions other than the regions described by Subdivisions (1) and (2);

(4) one winery from the region described by Subdivision (2) elected by wineries in that region that purchase wine grapes grown in this state;

(5) four wineries from regions other than the region described by Subdivision (2) elected by wineries in regions other than the region described by Subdivision (2) that purchase wine grapes grown in this state; and

(6) the immediate past president of the Texas Wine and Grape Growers Association.

(c) Board members serve staggered terms of four years with five or six members' terms expiring every two years, as appropriate. The initial members elected under Subsection (a) shall establish the staggered terms of each initial director by lot such that the positions of two or three vineyard growers and two or three wineries expire at the same time.

Sec. 41.255. STATE WINE CHECK OFF PROGRAM.

Sec. 41.256. DONATIONS.

Sec. 41.257. ASSESSMENTS.

Sec. 41.258. CONDUCT OF REFERENDUM; BALLOTING. (a) On the recommendation of the foundation, the commissioner shall conduct a referendum on a maximum assessment amount proposed under Section 41.257.

(b) Only a vineyard grower or winery who has sold or processed wine grapes in the last 12 months before the date of the referendum is eligible to vote in the referendum.

(c) Except as provided by Subsection (d), an eligible vineyard grower or winery may vote only once in a referendum.

(d) A person who is both a vineyard grower and a winery may vote twice with each vote weighted accordingly under Subsection (e).

(e) Each vineyard grower's vote is weighted according to the weight of the wine grapes produced by the grower. Each winery's vote

(2) five winery owners that purchase wine grapes grown in this state elected by winery owners in this state with not more than three winery owners from a single recognized American Viticultural Area; and

(3) the immediate past president of the Texas Wine and Grape Growers Association.

(c) Board members serve staggered terms of four years with five or six members' terms expiring every two years, as appropriate. The initial members elected under this section shall establish the staggered terms of each initial director by lot such that the positions of two or three vineyard growers and two or three wineries expire at the same time.

Sec. 41.255. STATE WINE CHECK OFF PROGRAM.

Sec. 41.256. DONATIONS.

Sec. 41.257. ASSESSMENTS.

Sec. 41.258. CONDUCT OF REFERENDUM; BALLOTING. (a) On the recommendation of the foundation, the commissioner shall conduct a referendum on a maximum assessment amount proposed under Section 41.257.

(b) Only a vineyard grower or winery who has sold or processed Texas grown wine grapes in the last 12 months before the date of the referendum is eligible to vote in the referendum.

(c) Except as provided by Subsection (d), an eligible vineyard grower or winery may vote only once in a referendum.

(d) A person who is both a vineyard grower and a winery may vote twice with each vote weighted accordingly under Subsection (e).

(e) Each vineyard grower's vote is weighted according to the weight of the wine grapes produced by the grower. Each winery's vote

is weighted according to the weight of the grapes processed by the winery. In calculating the weight of wine grapes produced by a vineyard grower, wine grapes sold outside this state may not be considered.

(f) A referendum is approved if votes associated with a majority of the weight of grapes grown and processed are cast in favor of the referendum.

(g) Individual voter information, including an individual's vote in a referendum conducted under this section, is confidential and not subject to disclosure under Chapter 552, Government Code.

(h) The foundation shall pay all expenses incurred in conducting a referendum with funds collected from the wine industry. The foundation may recoup those expenses from assessments if the referendum is approved.

Sec. 41.259. EXEMPTIONS.

SECTION 2. This Act takes effect September 1, 2017.

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(h) The foundation shall pay all expenses incurred in conducting a referendum with funds collected from the wine industry. The foundation may recoup those expenses from assessments if the referendum is approved.

Sec. 41.259. EXEMPTIONS.

SECTION 2. Same as introduced version.