

SUBJECT: “Go Texan” matching funds program for agricultural promotion

COMMITTEE: Agriculture and Livestock — committee substitute recommended

VOTE: 8 ayes — Swinford, McReynolds, B. Brown, Christian, Green, Hardcastle, Hupp, C. Jones

0 nays

1 absent — Crownover

WITNESSES: For — Susan Combs, Texas Department of Agriculture; Ray Prewett, Texas Citrus Mutual & Texas Vegetable Association; Durwood Tucker, Texas Farm Bureau; Jerry Walzel, Texas Produce Association; Ron Smith

Against — None

BACKGROUND: The Texas Department of Agriculture (TDA) created the “Go Texan” Program to promote Texas agricultural products and has invested some appropriated funds in this marketing campaign. Texas agricultural producers may join the existing program for a \$25 fee, which authorizes them to use the “Go Texan” logo in promoting their products.

DIGEST: CSHB 2719 would direct TDA to establish and maintain the “Go Texan” Partner Program under a new Chapter 46 of the Agriculture Code to promote and expand markets for Texas agricultural products through the use of matching funds. The bill would define agricultural products covered under the program, assign program authority to TDA, define the department’s powers and duties, and create an advisory board. It would define eligibility to receive matching funds for promotional projects, the process of approving projects for funding, and the allocation of funds. The bill would establish a program account in general revenue and would provide for additional funding to be generated through fees for “Go Texan” license plates. CSHB 2719 would establish penalties for illegal use of the “Go Texan” logo and for administrative misuse of funds.

CSHB 2719 would state the Legislature’s finding that Texas needs a program to promote the state’s agricultural products and that TDA should establish the

“Go Texan” Partner Program to meet this need. Chapter 46 would apply to agricultural, horticultural, viticultural, or vegetable products in their natural or processed state that have been produced, processed, or otherwise had value added in Texas. Some of these products would include bees, honey, fish or other seafood, forestry products, livestock, seeds, and poultry.

TDA authority. CSHB 2719 would establish the general and rulemaking authority of TDA to establish, maintain, and develop the “Go Texan” Partner Program and its logo. TDA’s powers and duties would include developing procedures for accepting and administering program funds; receiving matching funds; establishing internal reporting requirements; developing application procedures; screening applications for review by the advisory board; developing promotional campaigns and materials for successful applicants; and setting guidelines for advertising activities. TDA would have the duty to contract with the media to disperse promotional materials.

Advisory board. CSHB 2719 would create an advisory board to help TDA implement the program. The board would review the applications of eligible participants, approve or deny funding, and advise TDA on administration of the program account and on the adoption of rules. The bill would direct the agriculture commissioner to provide the board with a staff.

The board would include at least eight members to be appointed by the agriculture commissioner: two representatives from TDA, one from the U.S. Department of Agriculture, one each from radio, print, and television advertising, one from the advertising profession, and one consumer representative. The commissioner could appoint other board members as needed. A board member would not receive compensation except for reimbursement of expenses incurred in the performance of official duties. An applicant organization could be eligible to participate in the program if a member of the advisory board was an officer, director, or employee of that organization, but the board member could not participate in the board’s decision on the organization’s application.

Except for the provision on member compensation, the advisory board would be exempt from the provisions of Government Code, chapter 2110, affecting state-agency advisory boards. These include board composition, selection of a presiding officer, agency-defined tasks and reporting requirements, agency evaluation of the board, reporting to the Legislative Budget Board, and a set

abolition date.

Eligible applicants. CSHB 2719 would define eligible applicants for program funds to include state, regional, or national boards, state agencies, national organizations, or other entities that promote agriculture, as well as cooperative organizations or small businesses as defined by department rule. To participate, an eligible organization would have to prepare and submit a project request and application and to meet any other requirements set forth by TDA rules. The project request would have to describe the advertising or promotional activities to be carried out, the anticipated benefits, and any additional information required by TDA.

Program funding. CSHB 2719 would require TDA, with the advice of the board, to establish rules for allocating funds to different promotional projects. The rules would define the maximum funding for each project and factors to be considered in evaluating projects.

CSHB 2719 would establish a “Go Texan” Partner Program account in general revenue, consisting of funds from legislative appropriations, gifts, grants, matching funds, license plate fees, and other monies. Funds in this account would be exempt from the requirement that all dedicated funds be swept into general revenue at the end of the fiscal biennium. CSHB 2719 would authorize TDA to solicit funds for this account and would provide that money from the account could be appropriated to TDA only for promotion of Texas agricultural products or for administrative expenses. Any income from money in the account would be credited to the account.

The bill also would amend the Transportation Code to direct the Texas Department of Transportation to issue “Go Texan” license plates for cars and light trucks. License plate holders would pay a \$30 annual fee, of which \$25 would go into the “Go Texan” account and the remainder would go to the state highway fund for administrative costs.

Penalties. CSHB 2719 would create penalties for illegal use, reproduction, or distribution of the “Go Texan” logo. Penalties would include forfeiture of the right to use the logo, exclusion from eligibility to receive grant funds, a civil penalty of no more than \$500 a day for the period of the violation, and administrative penalties. TDA could ask the attorney general or the county

attorney or district attorney of the county where the violation is alleged to have occurred to file suit to collect the civil penalty and to file suit in Travis County for injunctive relief to prevent a violation. Fines collected would be deposited to general revenue.

CSHB 2719 would take effect September 1, 1999.

**SUPPORTERS
SAY:**

In creating the “Go Texan” Partner Program, CSHB 2719 would bring the public and private sectors together to strengthen promotion of Texas agricultural products under a unified logo that eventually will be known worldwide. The existing “Go Texan” Program and logo already have received an overwhelmingly positive response. CSHB 2719 would create a partnership arm allowing TDA to work with producers, commodity organizations, cooperatives, and other organizations to raise consumer awareness and to expand markets for Texas agricultural products.

This program would be well-funded and give a much-needed boost to the level of promotional funding in Texas to match other states’ efforts. Texas is second in the nation in cash receipts from agriculture, but the state now spends only \$200,000 per year on marketing. The “Go Texan” Partner Program would boost the level of marketing to keep Texas agriculture strong and stimulate consumers’ desire to buy Texas products.

All state-appropriated promotional funds would be matched by commodity groups and would be directed toward advertising specific products as well as a unified campaign to “buy Texan.” The logo, the key to consumer recognition of Texas products, would be protected from use by participating industries. Nearly any group could double its marketing budget by entering into the Partner Program.

Although the bill does not specify this, it is expected that TDA rules for the program would establish a dollar-for-dollar ratio for project funding. State-appropriated dollars would be paid out only if the producing organization had put up matching dollars. The only fair way to run the program would be to maintain a 1-to-1 ratio for all types of organizations, whether for-profit or nonprofit.

The Texas agriculture industry has been receiving fewer and fewer federal dollars because of the federal move toward placing all aspects of the industry

in the market economy. Texas consumers would buy more products from this state if they knew which products were from Texas. The “Go Texan” logo and Partner Program would advance Texas’ goals of capitalizing on the market economy by making consumers aware of local products.

OPPONENTS
SAY:

Producers and TDA already use labels such as “Texas Grown,” “Taste of Texas,” and “Vintage Texas.” The producers who have paid to use these labels have invested money in logo and name recognition. To establish a new all-encompassing logo and marketing scheme would sabotage these already established labels.

The partnership program might receive very little funding initially. Up to \$1 million would be expected to come from TDA savings in other department areas, but TDA may achieve little savings in the current fiscal biennium because the appropriated amounts usually are calculated conservatively. The Legislature has not yet approved the other \$1 million, which is an item in the Article 11 “wish list” in the general appropriations bill. The license plate fees are projected to generate only \$60,000 per year. Considering these funding limitations, the Partner Program may not have the money to match industry funding for promotional projects.

The bill would not define matching amounts for groups. For example, nothing would state that the matching ratio would be dollar-for-dollar. The bill should specify the matching amounts rather than leave it up to TDA. It would make sense to require a for-profit organization to put up a higher level of matching funds than a nonprofit organization.

Small producers could find it hard to amass funds to participate in the “Go Texan” Partner Program because they have small advertising budgets or have been unable to come together with other producers. A Texas producer would be forced to participate in the program or risk not being recognized as selling a Texas product.

NOTES:

The committee substitute broadened the list of eligible applicants from nonprofit trade organizations, as provided in the original bill, to any state or regional organization or board that promotes the marketing as well as the sale of Texas agricultural products.

The companion bill, SB 1028 by Lucio, and a related bill, SB 705 by Ogden,

were scheduled for public hearing before the Senate Natural Resources Committee on April 13, after being reported favorably from the Agriculture Subcommittee.

Proposals are on the table for \$2 million in new spending in fiscal 2000-01 to promote Texas agricultural products. CSHB 1, the general appropriations bill, would authorize TDA, contingent on enactment of SB 705 by Ogden or similar legislation, to fund the “Go Texan” Partner Program with \$1 million from existing appropriations. The Article 11 “wish list” in CSHB 1 includes a request for an additional \$1 million in general revenue for this program, contingent on enactment of CSHB 2719 or SB 1028.