

SUBJECT: Cost-sharing program for boll weevil eradication

COMMITTEE: Agriculture and Livestock — committee substitute recommended

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

0 nays

1 absent — Green

SENATE VOTE: On final passage, March 2 — 31-0

WITNESSES: For — Susan Combs, Texas Department of Agriculture; Wil Galloway, Texas Agriculture Aviation Association; Don Parrish, Texas Boll Weevil Eradication Foundation, Western High Plains Zone; Durwood Tucker, Texas Farm Bureau; Ricky Bearden; Tony Dill; Shelby Elam

Against — None

BACKGROUND: The boll weevil first appeared in the United States near Brownsville around 1892. In 1903, the Texas Legislature offered a \$50,000 cash reward for a practical way to control the pest. By 1922, the boll weevil had spread into the eastern two-thirds of Texas and east to the Atlantic Ocean. Between 1953 and 1966, the boll weevil expanded to northern and western parts of Texas.

The National Cotton Council estimates that the boll weevil has cost U.S. cotton producers more than \$13 billion over the past century. It is generally agreed that cotton cannot be grown profitably in areas where the pest persists.

In 1993, the Legislature established the Texas Boll Weevil Eradication Foundation to oversee the eradication of the boll weevil in Texas. In 1997, enactment of SB 1814 by Duncan resolved constitutional issues concerning the foundation and gave the Texas Department of Agriculture (TDA) oversight authority.

Not all cotton-growing regions of Texas participate in the foundation's program. Currently, the Rolling Plains Central, Southern Rolling Plains, and

South Texas/Winter Garden regions participate. Several other regions have voted to join the foundation program contingent upon state cost sharing or other financing.

Cotton farmers in participating regions have voted to assess themselves a certain dollar amount per acre to achieve eradication. This self-assessment amount is paid to the foundation over approximately four years and goes toward monitoring, trapping, and controlling the boll weevil through the use of pesticides, pesticide application services, mapping, and administration. Eradication costs are highest the first and second years when large amounts of pesticides are used. Because farmers generally cannot pay variable assessments, the foundation obtains region-specific loans from banks to cover the high initial costs. All financial arrangements made by the foundation are approved by the farmers themselves.

DIGEST: CSSB 448 would create a cost-sharing program between TDA and the Texas Boll Weevil Eradication Foundation aimed at eradicating the boll weevil and the pink bollworm. The program would be administered under rules adopted by the agriculture commissioner.

The bill would allow the commissioner to contract with the foundation for eradication services. TDA could spend program money only in zones where a boll weevil eradication project was active or where the U.S. Department of Agriculture or its designee had declared eradication complete.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house.

SUPPORTERS SAY: CSSB 448 would provide the legal basis for appropriated funds to be used in a cost-sharing program to wipe out boll weevils and pink bollworms. HB 1 by Junell, the general appropriations bill passed by the House on April 14, would allocate to this program \$25 million per year for fiscal 2000-01, contingent upon enactment of CSSB 448.

Texas cotton farmers have faced several years of drought conditions, low yields, low prices, and high production costs. On top of all this, they have had to battle the boll weevil and other pests. Three cotton-growing regions in the state are actively participating in the foundation program, while several other regions that are among the largest producing areas have voted to participate if

the state shares the costs. State cost sharing would lower the per-acre cost assessment for every cotton farmer in each active region. Cotton farmers desperately need this monetary help to continue farming and to become more competitive.

Other states have long had boll weevil eradication programs and most have had state funding or cost-sharing programs. Louisiana recently approved \$50 million for cost sharing, which would equal about \$100 per acre of cotton. States that began the eradication process many years ago received federal cost-share funding for as much as 50 percent of program costs. Today, less than 6 percent federal cost-share funding is available to Texas for boll weevil eradication. Other states have reached or nearly reached eradication and are producing cotton at lower costs than Texas.

Texas must help its cotton farmers stay in business and remain competitive with growers in other states. Cotton is Texas' leading cash crop, generating more than \$1.6 billion for farmers, and Texas is the nation's leading cotton-producing state. Cotton and allied industries such as production services, ginning, processing, and exporting have an annual impact of at least \$5.2 billion to the state. Boll weevil eradication is essential to preserve the Texas cotton industry and is the only option for cotton farmers because the boll weevil has reached infestation levels in all producing regions.

With enactment of CSSB 448, the Texas Boll Weevil Eradication Foundation regions would need smaller loans for their remaining eradication costs. The cost-sharing program proposed by this bill could provide the foundation, its lenders, and Texas' cotton farmers with greater assurance that eradication efforts will continue. Regions not now participating in the foundation's eradication efforts would be more likely to participate if the state bore some of the financial burden.

With a cost-sharing partnership in place, cotton farmers should see lower production costs and lower pesticide application amounts over the long run. Cotton farmers would pay 25 percent to 30 percent less of their overall per-acre self-assessment to the foundation, and this reduction would begin immediately for new regions. On average, a farmer would pay \$95 per acre over the four-year period of eradication efforts. With a state cost-sharing program, the state would cover \$20 to \$25 per acre. These numbers would be

variable, depending on which regions became active participants and how many acres received cost-sharing funds.

**OPPONENTS
SAY:**

Investing state money through a cost-sharing program would not ensure that Texas could eradicate the boll weevil. The Texas Boll Weevil Foundation regions still would have to come up with other funding sources, primarily loans, to pay for the remaining cost per acre. Banks and lending institutions are aware of the possibility that a region active in eradication could default on loans, because this happened in the Rio Grande Valley region in 1996. The state cost-sharing program might lower the amount of loans a region would require, but it would not ensure that a region would not default on the loan, especially if drought continues or the boll weevil is not eradicated as quickly as projected.

NOTES:

The committee substitute removed language from the original bill concerning the rate of funding TDA could provide if it contracted for boll weevil eradication services.

In HB 1 by Junell, the general appropriations bill for fiscal 2000-01, the Senate-passed version contains a rider in TDA's budget that would authorize \$25 million each year of fiscal 2000-01 to be used for the boll weevil cost-sharing program, contingent upon enactment of SB 448 or similar legislation. It also would allocate any matching funds the state received from public or private donors for the cost-sharing program to be used solely for this program. It would provide for any funds remaining from fiscal 2000 to be rolled over to fiscal 2001. The House-passed version of HB 1 includes \$25 million each fiscal year for TDA for integrated pest management in the Article 11 wish list.

SB 472, the emergency appropriations bill for fiscal 1998-99 enacted by the 76th Legislature effective March 18, allocated \$25 million from general revenue for TDA to pay drought costs and expenses related to the eradication of cotton pests.